FOREIGN BROADCAST INFORMATION SERVICE

# Daily Report

# Latin America

FBIS-LAT-95-170
Friday
1 September 1995

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# Daily Report
Latin America

*FBIS-LAT-95-170* *1 September 1995*

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**'Significant Advance' Made on Trade Obstacles in Mercosur**

*PY3108182195 Buenos Aires TELAM in Spanish 2114 GMT 30 Aug 95*

[FBIS Translated Text] Montevideo — In Montevideo today, the Common Market Group (GMC) of the Mercosur [Common Market of the South] achieved a significant advance with regard to the matter of the trade obstacles that have been imposed on imports from Argentina, Paraguay, and Uruguay by Brazil, and it will meet again on an as yet unspecified date.

The GMC, which is the Mercosur's organization at the technical level, met in Montevideo for an extraordinary session that began on 28 August and concluded today. The GMC met on the orders of the four heads of state, who, during the recent summit in Asuncion, urged, through Resolution No. 21, that a solution be sought for the trade problems with Brazil.

Regarding the growth of trade that has come about as a result of the agreement, Ambassador Jorge Herrera Vegas, head of the Argentine delegation to the GMC, said that "Argentina expects to export $6 billion to the Mercosur this year. These are figures that clearly demonstrate that Brazil is the locomotive of Mercosur's economy."

For Ambassador Jose Botafogo, his Brazilian colleague, there are no obstacles with regard to the exporting of products from Argentina, Paraguay, and Uruguay to Brazil.

"Access to the Brazilian market is not only guaranteed; it has also been expanded," Botafogo told TELAM-SEM, and he stressed that "Brazil's imports from Mercosur member countries have more than doubled during the past year."

This notwithstanding, he acknowledged that "there could be specific and borderline cases in the relationship with the members of Mercosur that have been affected by Brazilian non-trade measures."

Herrera Vegas told TELAM-SEM that the trade restrictions imposed by Brazil "are a topic that will be examined permanently."

He acknowledged that in the case of the trade exchanges between Argentina and Brazil, "there are still some specific difficulties, although others have been resolved."

Herrera Vegas maintained that "we knew beforehand that the increase in trade and the fleshing out of Mercosur would cause these types of problems."

He added that "the framework within which these difficulties are occurring must be taken into account. Brazil's purchases from Mercosur have no precedent; they are historical records."

Botafogo maintained that "advances were made during the GMC meeting with regard to such specific and marginal cases as that involving textile products from Uruguay, and we will continue to make advances with the other cases."

He added that "as a consequence of the natural progress of a common market or customs union, we have these problems that are not of a trade restrictive nature, but can affect trade practices."

"They are an open topic and are being continually negotiated within the GMC," Botafogo emphasized.

Herrera Vegas expressed the optimistic view that "the institutions we have created to administer Mercosur will serve to resolve these types of problems."

During this extraordinary meeting in Montevideo, the GMC also drew up a draft of the agreement that Mercosur will sign with the EU in Brussels to create a free trade zone between the two blocs.

**ECLAC Report Notes Transfers of Foreign Capital**

*FL3108200395 Bridgetown CANA in English 1716 GMT 31 Aug 95*

[FBIS Transcribed Text] Bridgetown, Barbados, Aug 31, CANA - The Americas have benefited heavily from substantial net transfers of external capital averaging US48 billion a year which have poured into the western hemisphere since the start of the 1990s, according to a document released by the United Nations Economic Commission for Latin American and the Caribbean (ECLAC).

The report said the bulk of this foreign capital went to the big economic players in the hemisphere.

"It is noteworthy ... that the new inflows have been heavily concentrated in Argentina, Brazil, Chile and Mexico.

"The Mexican economy is noteworthy in this regard; with 25 per cent of the Gross Domestic Product (GDP) of the region, it has attracted nearly fifty per cent of net capital inflows," the document states.

Entitled "Foreign Investment and Trans-national Corporations in Latin America: 1995", the document was prepared by the Joint ECLAC/UNCTAD Unit on Transnational corporations.

The return to the international capital markets, the ECLAC document suggests, does not suggest that the

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process is firmly consolidated throughout the region as a whole for two reasons.

First, ECLAC says the heavy concentration in the larger economies precludes this; second, the volatility of the capital attracted through non-traditional external financing mechanisms which now forms a large part of foreign direct investment (FDI) in the region is another factor to consider.

The smaller economies in the Caribbean that constitute the Caribbean Community (Caricom) were affected minimally by this return to international capital markets.

"It should be pointed out, however, that a very high percentage of foreign capital coming in during the early 1990s has been short- term, in a higher proportion than in past decades which has considerably increased the potential risk of instability in the region," ECLAC says.

The report adds that for the years of strongest growth of private external capital flows to the region (1991-1993) portfolio investment in stock and the attraction of funds through bond offerings were the crucial elements of that growth.

Portfolio investment in stock increased from US1.1 billion in 1990 to US25.1 million in 1993, while funds attracted through bond issues grew over the same period from US411 to US21 billion.

A very small percentage of these amounts, less than two per cent, has been invested in the Caribbean sub-region.

Indeed, Prime Minister Owen Arthur of Barbados, at a signing ceremony Monday for a bond issue of US40 million from Citibank of Trinidad and Tobago Ltd suggested that Caricom countries should look towards the regional capital market for much of their foreign currency needs for national development project.

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## Cuba

### Spokesman on Individuals' Threats To Violate Waters

*PA0109001595 Havana Radio Rebelde Network in Spanish 1700 GMT 31 Aug 95*

[Report by Zenayda Gonzalez from the "National Radio News" newscast]

[FBIS Translated Text] During the regular Thursday meeting with the press at the Ministry of Foreign Relations [Minrex] International Press Center just a few hours ago, Foreign Ministry Spokesman Luis Delfin announced the pending arrival of the Cape Verdian foreign minister who will be making an official visit of Cuba as part of the 20th anniversary of the establishment of relations between that African nation and Cuba.

The Minrex official affirmed that a mixed intergovernmental commission meeting is taking place in Santa Fe de Bogota between Cuba and Colombia, reviewing cooperation in technical and scientific fields.

In response to questions about Cuba's position on the threats by anti-Cuban individuals to violate the country's jurisdictional waters, the Minrex official said the country's position had already been clearly and explicitly stipulated in a declaration issued on 14 July in which the Cuban Government declared that it will not tolerate provocations intended to violate its waters or airspace and that it is prepared to act to exercise its full sovereignty.

### Commentary Warns Flotilla Against Violating Waters

*PA3108184995 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Aug 95*

[Roberto Morejon commentary; from the "Evening Information Review" newscast]

[FBIS Translated Text] Despite the repeated warnings of the Cuban Government in the sense that it will reject any attempt to violate its maritime and airspace, extremists of Cuban origin residing in the United States are planning to organize a provoking flotilla, which, they affirm, will sail next Saturday for the coasts of Varadero.

In front of that beach resort, in the western Province of Matanzas, the adventurers from Miami intend to set up a provocation destined to win notoriety in the U.S. news media, which recently reflect the growing desire for civilized dialogue with Havana.

Shortly after the U.S. Government warned the leaders of the projected flotilla about the dangers of their decision, one of them said in New York they would set sail to try to arrive Saturday in Cuba. The insistence on their determination is far from representing an act of courage. Rather, the adventurers intend to challenge U.S. authorities because extremists in Miami don't forget that the current administration signed two immigration accords with Cuba.

The fact that both agreements have permitted an unusual tranquillity regarding immigration between Cuba and the United States, further irritated the leadership of the extreme right of Cuban origin. They have also organized marches in front of the White House, characterized by the abundance of noise and the lack of support.

Two prominent terrorists are among the leaders of the next flotilla, similar to the one that last 13 July came close to Cuban jurisdictional waters. On that date, one of the boats managed to enter territorial waters and was forced to retreat without resorting to force. One of the organizers of the flotilla is Raul Sanchez Rizo, who, according to the official paper GRANMA, has belonged to at least nine guerrilla groups between 1978 and 1995. During this period, he has been linked to murders like that of Cuban Carlos Muniz Varela, or foiled attempts like that against [former] Cuban Foreign Minister Raul Roa.

Jose Basulto is also among those leading the maritime and air provocations. He is presented by GRANMA as one of the principal inciters to illegality and the violation of immigration accords between Cuba and the United States. Sanchez, Basulto and his accomplices in the organization of the new flotilla, seem to overlook the warnings issued by the Cuban Foreign Ministry and press regarding the adoption of a firm position from Havana. Cuban response will be prudent but strong. And if the organizers of the adventure do not change their mind, they will be prevented from violating Cuban air and maritime space, without it becoming the desired propaganda spectacle they hope to put up.

### Cuba, Chile Sign Tourism Agreement

*PA3108230495 Havana Radio Havana Cuba in Spanish 1300 GMT 31 Aug 95*

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuba and Chile have signed in Havana a five-year agreement to promote tourism links between the two nations and cooperation in that field for the benefit of their respective economies. The document was signed by Cuban Tourism Minister Osmany Cienfuegos and his Chilean counterpart Ramon Cesar Gomez Viveros, who underscored the importance of this agreement to improve relations on trade and tourism between the two nations.

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The agreement encourages the activities of tour operators, travel agencies, hotel chains, and other entities. It also promotes training personnel and the exchange of information and fosters businesses and investments in the tourism sector.

**Havana Outlines Foreign Investment Law**

*FL3108231995 Havana Cuba Vision Network in Spanish 1630 GMT 31 Aug 95*

[Report by Maribel Acosta and NTV host Julio Acanda; from the "Noon NTV" newscast]

[FBIS Translated Text] [Acosta] The plenary of the National Assembly of the People's Government is scheduled to debate the new investment bill on Monday, 4 September. For several weeks, [words indistinct] to study the text of the bill. What is this new investment law all about? We all know that foreign investment has existed in Cuba for several years. Foreign investment was even included in the 1982 Constitution, so diverse forms of property exist in the country. What is happening now? In recent times, a new foreign investment law has been in the works to make investment even more flexible and give investors more guarantees, more possibilities, and promote investment in Cuba because to revitalize its economy, Cuba needs an influx of fresh, strong capital. What are the main points of the law? First, the bill contemplates the possibility of investing in every sector of our national life except defense, national security, public health, and education. It also establishes a 60-day period for replying to foreign investors, an issue of great interest to the investors. It also approves foreign capital investment regardless of nationality. Another important point: The Cuban state reserves the right to decide on the approval of any contract. Something of great importance for investors is the no-expropriation guarantee unless a conflict with national public interests arises; even then, the cancellation of contracts would be ensured by the Cuban state through an indemnification accord with the investor. The foreign investment law also establishes, for the first time in Cuba, duty-free trade and industrial zones. These are common worldwide — the freedom to carry out business without taxes to promote the influx of capital. The law also confirms the existence of an employment agency, something that already exists, which employs Cuban workers and is an intermediary between the investor and the Cuban state. In this case, a new modality is that although the employment agency continues to exist, the Cuban state has the privilege of granting exceptions and allowing for free contracting of the work force. Another matter of great importance, on which the deputies have insisted, is preservation of the environment. The law includes very strict, explicit regulations to accomplish this.

[Acanda] Maribel, I have heard some detractors of this law, here and abroad, state that what this law does is sell out the country. What is your opinion?

[Acosta] Well, the Right-Wing media has been manipulating this issue. However, this foreign investment law establishes limited term contracts. In other words, Cuba does not give anything on a definitive basis to anyone. It establishes term contracts, which may or may not be renewed by either side. Cuba is not selling, Cuba is leasing. A lease can be terminated.

[Acanda] Cuba continues to hold the deeds.

[Acosta] Exactly. A very important point for the preservation of our sovereignty and everything else is that the Cuban state reserves the right to approve these investments. There are such freedoms as the fact that any foreign capital can be invested in Cuba, but the Cuban state has the right to decide which capital is beneficial to Cuba. As a matter of fact, a new modality is being introduced: investment in real estate. This had not previously been done in Cuba. This is quite controversial and interesting, but it is conditioned by the fact that the Cuban state has — we can call it monopoly — the final word on the approval of investments. On the other hand, an issue that has been extensively debated and which is of great interest to the unions is precisely what role the unions will have, a role that is bound to expand. We will have the final word on Monday, if it is approved.

[Acanda] Thank you very much for such a detailed explanation of the investment bill, which as you said, may or may not be approved on Monday.

**Cuban Experts Believe Recovery Trend Prevails in 1995**

*PA0109011495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 30 Aug 95*

[From the "NTV Newscast"; passages within quotation marks are recorded]

[FBIS Translated Text] Here is Maribel Acosta with a special report on the controversial topic of the peso's revalorization against the dollar in Cuba's current economic situation:

[Acosta] Some Cuban economists have described Cuba's current economic situation as full of prospects, while others have described it as interesting. After the first half of 1995, Cuba has experienced an economic growth of 2 percent. In addition, more than 100 industrial activities are thriving in the country, as well as 212 associations formed with foreign capital and with income from the state budget.

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Cuban experts believe the recovery trend registered in 1994 has been maintained in 1995. However, they deplore that the traditional sectors are displaying a different behavior, particularly the sugar harvest, which has registered more than $1 billion in losses in the past three years.

[Economic expert Iran Marqueti] "This has certainly had a very strong impact on the country's foreign revenues, import capability, and general performance; and it has even had an effect on the commitments being made on the country's economic prospects."

[Acosta] The measures to cleanse finances that triggered a rapid reduction in liquidity in 1994 seem to have reached their limit. Official figures for the first half of 1995 indicate a slow pace regarding the reduction of liquidity. However, specialists believe that the cleansing of finances has not come to an end.

[Marqueti] "Before implementing the measures to cleanse finances, approximately 10 percent of Cuban households controlled 70 percent of bank deposits, in other words, these families made up 6 percent of account holders. That situation has changed, and the number of account holders has even increased."

[Acosta] In recent days, the unofficial dollar-peso exchange rate hit rock bottom. An expert from the Cuban Economic Center noted that this circumstance indicates a certain revalorization of the peso.

[Expert Juan Jose Garcia] "The recently adopted financial cleansing measures have basically prompted a substantial decrease in accumulated liquidity. Moreover, we have also observed a slight increase in supply."

[Acosta] Prices in the agricultural market have moved at a slow pace.

[Expert Omar Everleen] "Prices have not decreased because there has not been a recent increase in production and demand remains at the same level."

[Acosta] Economists seem to agree that the dollar's sudden fall is temporary and reversible.

[Everleen] "In the immediate future, this decline will reach a certain point, and a reversion of the trend will take place. I would not go as far as to say that the decline will reach a level of 30 or 45 pesos, but I believe it will reach approximately a level of 15 or 20 pesos per dollar."

[Acosta] Specialists state that, undoubtedly, the dollar's decline has had a positive effect on the economy, and its immediate results can be seen in a valorization of labor and an increase in salaries. However, this positive effect will only be sustainable and effective if production increases.

[Garcia] "The Cuban peso will be revalorized only if there is an increase in production, and this is not what we are currently seeing."

[Acosta] In the coming days, the Cuban Parliament will approve a new foreign investment law, which seeks an injection of strong and fresh capital into the Cuban economy. As a result, new domestic measures will become effective in the 1995-96 period. The economists recommend the reorganization of the general economy, including jobs, salaries, and the business system with the issue of a new business law. They also recommend the banking sector's reorganization with the establishment of a real exchange rate of the Cuban peso, and price readjustments have not been ruled either.

It seems unquestionable that most Cubans — perhaps for the first time— are following economic trends closely. The specialists remark that with the current recovery trend and new measures, the Cuban economy will be able to preserve its achievements in 1995 and move forward toward a sustained recovery. This is what is still pending for the next four months.

**Sugarcane Mill Administrators Meet To Discuss Next Harvest**

*PA3108232795 Havana Radio Rebelde Network in Spanish 1700 GMT 30 Aug 95*

[From the "National Radio News" newscast]

[FBIS Translated Text] [Station announcer Cesar Arredondo] The National Sugar Industry Training Center located in the Boyeros Municipality, in the city of Havana, will be the site of the national meeting of sugar mill administrators, which will begin today and conclude tomorrow. (Diovado Maso) has this report:

[Maso] During the meeting, 154 administrators of the country's sugarcane mills will spend two days studying and discussing their experiences on running the mills to plan for the upcoming sugarcane harvest. Topics to be debated include the policies to follow on the maintenance of sugar factories, the care and repair of spare parts, the use of analysis rooms to keep track of the real behavior of each link in the production or agricultural chain, as well as of the individual training of each man or woman who will participate in the harvest.

The Sugar Industry Ministry [Minaz] has a sufficient professional and technical level to achieve better results than the ones currently being achieved, since 92 percent of the mill administrators are university graduates or technicians. All of them have more than 20 years of experience in the field, and not less than 17 years working in Cuban sugar factories, handling different responsibilities. With this guarantee of their professional

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training, technicians and engineers should ensure higher levels of efficiency in our sugarcane harvests. Minaz, however, has planned to reclassify or train the harvest labor force, the agricultural assistant directors, the transportation and technical chiefs. It has also scheduled a preliminary meeting at the start of the harvest with all the directors of the country's agro-industrial installations. The meeting of the sugar mill administrators will conclude tomorrow, Thursday.

**Agriculture Minister: Honey Production Must Increase**

*PA0109042095 Havana Radio Rebelde Network in Spanish 1700 GMT 31 Aug 95*

[Report by Cesar Arredondo in Havana and Diosdado Maso in Cienfuegos; from the "National Radio News" newscast]

[FBIS Translated Text] [Arredondo] Cuban Agriculture Minister Luis Jordan has issued an appeal and has said apiculturists can and must recover the record honey production levels achieved by the country in recent years. He has participated in an open dialogue with the best producers who have gathered in Cienfuegos for a national meeting.

[Maso] The minister has said: We must increase our production, talk with the men in charge of the beehives, and motivate them; that is, the UBPC [Basic Cooperative Production Unit] members, the cooperative members, and individual producers:

[Begin Jordan recording] This is an Agriculture Ministry activity in which we can afford the luxury of looking into the workers' situation on an individual basis, ascertaining the producer's needs, trying to meet his needs based on his obligations with the state. In other words, a principle has been created. The amount of resources we have is not enough, and they must be given to the most efficient producers and, logically, those who fulfill their obligations with the state. [end recording]

[Maso] Apiculture, coffee, and tobacco represent the three basic productions in Cuban agriculture that will allow the latter to finance itself. The goals sought by this meeting include achieving apiculture's production potential, which totaled 10,500 tons of honey in 1983. Apiculture has tangible possibilities of achieving this goal first of all because it is the most efficient area in the country's agrarian and livestock production sector, with 300 workers, and only 9 percent indirectly involved in production. its contribution to the country's agriculture and economy totals more than $5 million.

**Minister Remarks on Teachers Traveling to Other Places**

*PA0109042295 Havana Radio Rebelde Network in Spanish 1700 GMT 31 Aug 95*

[Report by Cesar Arredondo from the "National Radio News" newscast]

[FBIS Translated Text] In the last school year, a considerable number of teachers traveled to other places where they were offered better living and working conditions. Education Minister Luis Ignacio Gomez has given the following statements to journalist Teresa Valenzuela:

[Begin Gomez recoding] Most of the education sector workers who left have said the main reasons were family, economic, and transportation problems. The number of teachers who left was higher during the last school year than the figures traditionally reported in the sector where there are always vacancies. We have always had education workers who discover that their vocation is not in this sector and that they became teachers due to the circumstances.

We believe the situation tends to revert. Throughout the school year, particularly between January and August, we observed a large number of them returned. In figures, we can say more than 4,000 have returned to the sector from which they left. It is not because we offered something more. We have nothing more to offer. We have always said it; we do not hide this fact, and the real teachers understand the message.

In the education sector, we offer, above all, lots of work, lots of dedication, and lots of sacrifices. That is the reality. The country has done everything possible and, when it was possible, the teacher's salary was the highest in our society, along with that of the doctor. We know this is not so nowadays. I will not delve here into the elements dealing with the salary's value, the currency's revalorization, etc., but we believe the measures adopted by the country in the economic sector make the salary the first element of encouragement for all the workers, and the education sector will not be an exception. [end recording]

**New Advertising Regulations Effective in Havana City**

*FL0109020795 Havana Radio Rebelde Network in Spanish 2300 GMT 31 Aug 95*

[From the "Exclusive" program]

[FBIS Translated Text] New regulations governing advertising have become effective in Havana City. The

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regulations seek to impede the proliferation of publicity without proper controls. According to the provincial board of directors' [consejo de administracion] dispositions, posting announcements in the streets or in private places [espacios privados] without the authorization of the directorate of planning and architecture is prohibited.

To correctly control what currently exists in the city, the directorate is conducting an inventory of signs and similar publicity materials in the area, and is analyzing whether or not they are to be removed.

The regulations call for all state, joint, and private enterprises, and political, social, and mass organizations, as well as others with elements of publicity, to register said elements with the provincial directorate of planning and architecture and request their continued use.

**New Employment Situation Discussed**

*PA0109041795 Havana PRENSA LATINA in Spanish 0912 GMT 30 Aug 95*

['Exclusive' article by Ariel Terrero of the weekly BOHEMIA of Cuba for PRENSA LATINA entitled: 'Employment, the Balancing Act']

[FBIS Translated Text] An adjustment that is as dramatic as it is inexorable to be able to find the keys to efficiency.

A 35-year-old mechanic, who had lost his job at a local transportation unit, bemoaned a few days ago: Why am I to be punished for this special period? They had offered to relocate him in the agriculture sector but he did not like getting a suntan anywhere else but at the beach. He decided to bet on his luck and work on his own. Now he makes earrings and rings of questionable taste and roasts in the sun while he tries to sell them at the H and 21 Fair in the Vedado neighborhood in Havana.

Many Cubans frown when employment, an issue that seemed unimportant before 1990, is mentioned today. In an attempt to find reasons and culprits, some of them look upwards, others scan the other side of the sea, and still others sense that the origin of labor instability lies in the economic crisis.

The special period has turned into one of the explanations that is most utilized; a term that is as ambiguous as it is cursed. Undoubtedly, the economic recession of the 1990's broke the balancing act. However, the seed that engendered many of the problems had taken root several years prior. The tumors that drained the immaculate guarantee of jobs for everyone are in this group.

**The Decade of the Inflated Personnel Rosters**

Consequence or cause? The employment problem occupies the throne of Cuba's main economic changes. Any other reform would have been crippled if the adjustments to concepts and practices, which served as a compass, would not have been made. Contrary to the situation's outward appearances, the labor policy changes are best to be related among the reasons of the economic crisis than among its effects.

In the recent past, the humanist spirit of the revolution sublimated the social and political implications of the issue and relegated its economic implications to a Cinderella ranking.

"Although the employment policy used in the 1980's was very successful in regards to its social objectives, it was not equally fruitful in regards to its economic objectives," Angela Ferriol, a National Economic Research Institute (INIE) [Instituto Nacional de Investigaciones Economicas] expert, commented.

The government created 110,000 jobs every year and, thus, managed to guarantee jobs to the wave of young people — product of the happy birth explosion of the 1960's— who reached working age in the 1980's. At the end of that decade, approximately 4.5 million workers enjoyed the privilege of having a steady job. Many of them, however, were failing in their jobs.

The personnel rosters began to increase in such a disastrous manner that they tripped up productivity. A study of the State Labor and Social Security Committee — which is a ministry today — revealed that productivity stopped being a dynamic factor of economic growth as of 1983. Clear signs that things had come to a standstill, especially in regards to agriculture and industrial production, started appearing between 1986 and 1990. Productivity decreased at an average rate of 3.2 percent every year.

Contradictorily, wages continued to increase and the economy entered a vicious circle. "As money, which did not have the necessary material compensation, increased in the hands of the population, the stimulating effect of wages decreased — Angela Ferriol added — and this again has a negative effect on productivity. [no closing quotation marks as received]

The government tries to stop the disorder, but the abrupt disappearance of the Socialist markets terminated, at the beginning of the 1990's, the war it had declared against inflated personnel rosters — at least, temporarily.

A dead-end street? In light of the semiparalyzation of the Cuban industry, the government chose to bear the dead weight of an enormous mass of personnel

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that earned a salary because it waited with its arms crossed for a way out of the economic decline. Instead of the political setback caused by massive dismissals, the government chose to assume an underemployment that — according to estimates by several economists — currently fluctuates between 500,000 and 1 million workers.

Together with the loss in the attractiveness of salaries as a result of the national currency devaluation, underemployment was tainted with the discouraging shadows of dead-end alleys. Only now in 1995, authorities have decided to grab the bull by the horns, apparently encouraged by the halt of the recession in 1994.

The readjustment of the employment policy is a door the country will have to cross in order to advance toward national recovery. The issue, however, involves more complex operations than the simple downsizing or reduction of personnel rosters. In order to promote the recovery of the productive side of labor, an entire revolution of concepts and mentality, which buries under a very thick gravestone bureaucratic habits and the ill-fated paternalism is in order. It is this paternalism that equally protects dedicated workers and those skipping work frequently. The vice of inflated personnel rosters will lose ground as efficiency becomes the essential norm in the employment.

The government, nevertheless, acts with care. The so-called rationalization of personnel rosters is being carried out gradually and in a controlled manner, so as to avoid missteps and abuses. Although many enterprises have already undertaken these paths, in all cases they have first received the approval of its organization, the union branch, and the Ministry of Labor. They have obtained the green light once they have provisions to reignite production, whether through the presence of foreign capital or through self-financing formulas that largely depend on the management ability of Cuban businessmen.

In a recent interview with "TRABAJADORES" newspaper, Labor Minister Salvador Valdes warned that "no definite period has been set to carry out this process, which is regulated by the very evolution of the economy."

And where will surplus workers go?

Approximately 100,000 workers have already joined the pack of laid-off workers, but less than one-tenth of them have been left jobless. Most of these workers have found an occupation in self-employed enterprises — in really needed positions — in other entities, or have made the jump to self-employed work.

The creation of alternate sources of work is the other leg of the employment readjustment strategy. In fact, it is a more difficult challenge than the very rationalization of personnel rosters.

Along these lines, municipalities and provinces may pull the chestnuts out of the fire for the state, providing local services and production that are currently in short supply. Supported by the Ministry of Labor, this initiative does not progress with equal luck in all territories. It finds more than a trap in the laziness of some people, in the bureaucratic habits of others, and in the real barriers blocking the effective decentralization of the administration.

The Cuban economy hides enormous possibilities of employment in the middle of the predicament of recession. Various sectors, described recently by BOHEMIA, require workers for the sugarcane and nonsugarcane agriculture, education, and public health. Even numerous companies in other areas, in light of the real perspective of restarting the machinery again, will have to rehire part of the personnel lost during the industrial paralyzation.

Either through the aforementioned means or through easing self-employed work, the opening of the agricultural and industrial products markets or the legalization of the famous home restaurants, new employment alternatives are gradually opening: an attempt to alleviate the impact of the adjustment.

"If we must rationalize," Salvador Valdes affirmed in the aforementioned interview, "let us do it right to begin with, without large traumas or problems."

Although healthy, just, this effort poses one question: Can the history of employment adjustment be closed in one enterprise with one single rationalization process? Not, in my opinion.

Save the aforementioned occurrences resulting from negligence and the lack of provision, the Cuban economy is in any case entering a dangerous turf, alien to the rigid five-year planning. Like a living and capricious animal, the market fluctuates; it moves and changes; it varies and generates changes in production and services. In order for them not to die, companies have to adapt their action to the rhythm of the waves. And in doing so, the doors may again be reopened to new personnel readjustments and movements, as the market opportunities for the company increase or decrease.

The new rules of the game have reached the employment policy, both at the business management level and financial practices. In order to avoid scares, the transformations of the labor surroundings must be made on

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solid ground rather than based on the provisional downsizing of personnel rosters.

No matter how history evolves, an undeniable reality is becoming clear to the more than four million Cuban workers: The guarantee of a job is no longer simply an altruistic political desire. Economic development will be in the near future the best source of jobs but in order to attain it, we must move on the path of efficiency.

## Dominican Republic

### Industry Minister on Hemispheric Trade

*95P21019 Santo Domingo EL SIGLO in Spanish 4 Aug 95 p D1*

[Report by Doris Pantaleon]

[FBIS Translated Text] Industry and Trade Minister Jose Ramon Gonzalez yesterday [3 Aug] encouraged the nation's business sector to become actively involved in preparing the Dominican Republic to join—by the year 2005—the hemispheric free trade area, ratified during the Trade Ministers Summit in Denver, Colorado.

Gonzalez said the business sector can participate by assigning experts from each sector to the designated groups that will be coordinating in each of the countries.

He pointed out that the government has the obligation of promoting an indispensable legal framework and adopting the reforms necessary to modify [Dominican] law in order to permit unimpeded international trade.

Invited to participate in the meeting of the Industries of Herrera, he also said it was important for managers to participate in the business-related sessions that are being coordinated in-country by the District Chamber of Commerce and the National Businessmen's Council (CNHE).

Gonzalez stated that the business sector's active involvement is required because it is businessmen, undoubtedly, who should be most concerned with how the country will join the American free trade area by 2005.

### Polls: Pena Leads Field; PRSC Hopefuls

*95P21004 Santo Domingo EL SIGLO in Spanish 2, 4 Aug 95 p B7*

[FBIS Editorial Report] Santo Domingo EL SIGLO in Spanish on 2 and 4 Aug 95 published on page B7 the results of opinion polls conducted by Radio Mil Informando and G. Silie Lugo y Asociados on Dominicans' voting intentions with respect to the presidential election scheduled for 16 May 1996. Figures cited below are as published.

Polling conducted by Radio Mil Informando, which EL SIGLO describes as "one of the most prestigious news stations," showed that 53.5 percent of 668 respondents said they will vote in the upcoming election. Jose Francisco Pena Gomez, of the Dominican Revolutionary Party, led the field of candidates, based on an unspecified month's tabulation of "daily" polls conducted in "various parts" of Santo Domingo. The results were as follows: Pena, 26.6 percent; Leonel Fernandez, of the Dominican Liberation Party, 23.9 percent; former president Jacobo Majluta, of the Independent Revolutionary Party, 1.3 percent; former priest Antonio Reynoso, 0.4 percent; and 16.6 percent of respondents, undecided.

Another poll gauged voter preferences for politicians within the ruling Social Christian Reformist Party who currently are vying for the party's nomination as presidential candidate. Vicepresident Jacinto Peynado headed the list of PRSC hopefuls, according to this survey by G. Silie Lugo and Asociados of 3,000 predominately middle- and upper-class adults from 82 Santo Domingo neighborhoods. The ranking within the party was as follows: Peynado, 26 percent; economist Angel Lockward, 22 percent; Foreign Minister Carlos Morales Troncoso, 16 percent; Juan Aristides Taveras Guzman, 10 percent; Caonabo Javier Castillo 6 percent; and 4 percent of respondents, undecided. When respondents were asked to identify the candidate that was most honest and in touch with "poorer party members," Lockward placed first, at 20 percent, followed by Peynado, 15 percent, Taveras, 14 percent, Morales 14 percent, and Victor Gomez Berges, 13 percent.

## Haiti

### PNT Questions CEP's Credibility; Disagrees With Results

*PA3108205795 Port-au-Prince Signal FM Radio in French 1030 GMT 31 Aug 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] The National Labor Party [PNT] refuses to play the game of the government that has always supported the Provisional Electoral Council [CEP] in its dealings, according to the leader of this party.

The PNT continues to question the credibility of the members of the electoral authority, refuses to accept the results of the 1995 elections.

[Begin unidentified PNT spokesman recording, in Creole, in progress] ...them to say they are more Lavalas than anyone else. The point is not that we do not want the second round to take place but according to me there have not been conditions for the honesty of this second round because there is a certain number of things that

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were not done before. Leontes [Leontes Dorzilme, Signal FM interviewer], I am sorry to return to this thing.

First, the political parties do not ask for much, but that the CEP be recomposed. The executive branch may be represented within it by four members if it wishes, that is not a problem for us, but at least, let the four others represent the political parties so they can see it is something balanced. [passage indistinct] [end recording]

**Union Leader Says Privatization Danger to Country**

*PA3108225395 Port-au-Prince Tropic FM Radio in French 1800 GMT 31 Mar 95*

[FBIS Translated Text] The privatization issue has caused quite a stir within certain organizations and unions of the country. Several unionists held a news conference at the premises of the Confederation of Haitian Workers this morning with a view to establishing their positions on the privatization issue and the prevailing crisis within the university.

The leader of the Autonomous Organization of Haitian Workers, Jean-Auguste Mesyeux, said the wind of the storm is ready to blow again if officials insist on privatizing state owned enterprises such as Haiti Cement, Teleco, and Haiti Electricity.

Jean-Auguste Mesyeux addressed the prime minister in person, asking him to hinder this call for bids. According to Mesyeux, privatization is a serious danger to the country. It is going to increase poverty, unemployment, and prostitution. Mesyeux called on all unions to remain mobilized in order to thwart privatization. He also said he is ready to fight this process.

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**President, Legislators Discuss State Reforms**

*PA3108164595 Mexico City LA JORNADA in Spanish 30 Aug 95*

[Report by Elena Gallegos and Ricardo Aleman — received via Internet]

[FBIS Translated Excerpt] After regretting the fact that the leaders of the national parties had been unable, to date, to reach an agreement, President Ernesto Zedillo pointed out to the coordinators of the political forces represented at the Chamber of Deputies the need for negotiations related to state and electoral reforms to change environment and for it to be the responsibility of the Legislative Branch.

The president also agreed in that the new director of the Federal Electoral Institute [IFE] must not, and should not be someone "against no political party." In response to one of the main concerns expressed by the National Action Party [PAN], Zedillo cut off party representative Ricardo Garcia Cervantes and clarified that: It is not the PRI [Institutional Revolutionary Party], it is I who wants, for everyone's benefit, the new IFE director not to be someone who is anti-PAN, anti-PRI, or anti-PRD [Party of the Democratic Revolution].

Government Secretary Emilio Chuayffet agreed with the president and used the phrase "chemically pure" to refer to the main feature the new IFE director must possess.

According to versions offered by several participants in the meeting, the president even challenged the legislators to "convince" their leaders that a consensus on the state reforms should take place at the Congress of the Union.

With only four days remaining for the president's first government report, an unprecedented three hour meeting took place attended by six legislators from the PRI, six from the [PRD], four from the Labor Party [PT], and one from the PAN. Several of the participants in the meeting were able to notice Zedillo's deferential attitude toward the PRD legislators, which contrasted quite noticeably with the PAN's representative abrupt manner toward the president.

So much so that at one particular moment when Zedillo pointed out - half joking, half serious - that he had already done everything he could so that the National Dialogue could move forward at the negotiating table, Garcia Cervantes replied: Well, if you stop now, all of us will stop.

At that moment - according to several of the participants - a palpable tension took hold of the meeting. The president and the PAN legislator exchanged several phrases that were very far from being terse. At the end the legislator attempted to ease things somewhat.

With respect to the resolutions issued during the Third PRD National Congress, Zedillo stated that they represent an aspiration that will lead to an open dialogue between all the political parties and sectors in order to arrive to state reforms.

At the meeting the basic points of the legislative agenda for the period that start in September were set and it was announced that the Congress will discuss initiatives to improve fiscal collection efforts. It was stated that there will be no tax increases for the Mexicans.

The president agreed to review the timetable when the initiatives would reach Congress in order to avoid any "breakneck debates." In this respect, the Legislative Branch's regulation would be modified.

Other issues to be covered during the next legislative period include: the new Public Security Bill proposal; the establishment of a new legal framework to efficiently attack organized crime and drug trafficking; review the outline of the Federal Office of the Comptroller General so that the Executive Branch will cease to oversee itself.

It was also mentioned that legal precautions would be adopted to encourage Mexicans to save. In this respect Deputy Ifigenia Martinez asked how this would be possible since it was practically impossible for Mexicans to save with the crisis.

Likewise, the Legislative Branch will receive, enrich, and will also recommend initiatives related to the pension system, and a review of the tax framework so that, within the context of the new federalism, the states and municipalities will be authorized to collect specific taxes currently being managed by the Federal Government. This issue was announced by Finance Secretary Guillermo Ortiz in Puebla.

According to the same sources, the president reportedly agreed to review the famous Pronasol [National Solidarity Program] Article 26. The opposition believes this norm allows a discretionary handling of resources and it suspects this authority is used to channel resources for PRI campaigns.

After the president referred to legal norms which influence the health and agriculture secretariats' decentralization and modernize the environment issue, the PRD members pointed out the regulation of reforms to Article 4 of the Constitution is still pending; and they said the petition for the Indian communities' autonomy should be seriously studied.

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The parliamentary coordinators held a news conference when the long meeting concluded. Humberto Roque Villanueva, of the PRI, Ricardo Garcia Cervantes, of the PAN, Jesus Ortega, of the PRD, and Joaquin Vela, of the PT, spoke in general terms regarding what was discussed inside.

The PRI majority leader tried to summarize the three-hour meeting in the following terms: "The PT emphasized the economic problems; the PRD emphasized the state reforms; the PAN concentrated on the legislative agenda's analysis; and the PRI emphasized what can be the great [word indistinct] of the Legislative Branch's reform."

Referring to the state of the nation speech format, it was agreed hey would respect what is stipulated by the law. The President will go to San Lazaro to read his document — a message that will last approximately one hour — and then figures and policies will be analyzed in the commentary segment.

Nevertheless, the legislators obtained the Executive Branch's promise that most of the state secretaries will meet with committees in San Lazaro.

Garcia Cervantes interrupted throughout the news conference — every time questions were asked concerning what was discussed with Zedillo, the negotiations for a National Dialogue, and the need for the PAN and the PRD to turn to the same. He said:

"We do not assume that the presence of the parliamentary group's coordinator compensates for the national leaders' absence. Thus, we did not discuss issues that did not deal with Congress activities and its relationship with the Executive Branch."

Nevertheless, Jesus Ortega said his party, the PRD, believes the state reform issue — particularly the political-electoral issue — is extremely important and urgent, and it was brought up during the meeting. They also suggested that they continue with this issue in the next period of sessions.

Referring to the possibility that an opposition legislator may reply to the state of the nation speech, Roque Villanueva evaded the question by saying PRI members have yet to decide who will chair the group in September. This will be done today and he will take the floor after Zedillo.

The opposition rules out the possibility that this person will come from its ranks. The two candidates for this role are Rosario Guerra and Hector Hugo Olivares Ventura. They attended the meeting at Los Pinos.

Asked if the PRD members will shout slogans, raise protest signs, or demand explanations from the president on Friday 1 September, Ortega announced his party's parliamentary faction will define its position today. [passage omitted]

### PRI, PRD, PAN Coordinators on Meeting With Zedillo

*PA0109011395 Mexico City XEW Television Network in Spanish 0430 GMT 31 Aug 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo met with the coordinators of the legislative blocs of the Chamber of Senators: Fernando Ortiz Arana for the PRI [Institutional Revolutionary Party], Hector Sanchez for the PRD [Party of the Democratic Revolution], and Jose Angel Conchello, deputy coordinator of the National Action Party [PAN]. The three senators held a news conference after meeting with the president for over three hours at Los Pinos official residence.

According to PRI senator Fernando Ortiz Arana, they discussed subjects such as state reform, federalism, and a final electoral reform, among others.

Regarding the president's legislative agenda, Ortiz Arana said it includes fiscal and budget issues, security, and social security. PAN Senator Jose Angel Conchello said President Zedillo could be doing away with the tactic of surprising the chambers and society by announcing the legislative agenda in advance. Ortiz Arana said that regarding the tax issue, his party, the PAN [as heard], can assure the people there will be no tax increases.

Meanwhile, PRD Senator Hector Sanchez said state reform discussions should not exclude the political parties. However, the PRD senator pointed out that the relationship between the legislative branch and the president will change, and these meetings are expected to be held frequently for the country's well-being.

### Civic Alliance Confirms EZLN Consultation Results

*PA0109032195 Mexico City REFORMA in Spanish 30 Aug 95*

[Report by Maria Elena Medina — received via Internet]

[FBIS Translated Text] Civic Alliance reported yesterday that 53.2 percent of the voters that participated in the National Consultation for Peace and Democracy believe that the EZLN [Zapatist National Liberation Army] should become an independent political force, while 48.1 percent believe it should join other political organizations.

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Moreover, 37.8 percent of the voters indicated that the EZLN should not become a new and independent political force, while 43.8 percent believe that it should not form an alliance with other political organizations.

The previous data, Civic Alliance coordinators announced, were based in the count of 76 percent of the tables set up on 27 August.

Sergio Aguayo, one of the coordinators of Civic Alliance, stressed that the government would display an "historic short-sightedness" if it does not agree that the EZLN becomes a national political force, although it did admit that the outcome of this consultation is the view of a sector that took the trouble of going out to vote.

Aguayo said that during the consultation, the government did its share, which was "to stay out," and said that Mexico's future will depend on how the different players interpret the extent of the representativeness of the slightly more than 1 million voters who participated in the consultation vis-a-vis the more than 40 million Mexican voters.

The National Conference for Peace (Conapaz) proposed the federal government, the Harmony and Peace Commission (Cocopa), the National Mediation Commission (Conai), and the EZLN, that it be included in the peace dialogue in San Andres Larrainzar, Chiapas.

During the first meeting of the Conference, which comprises different organizations of the civilian society that are interested in contributing to peace in Chiapas, the organization disclosed a 10-point plan in favor of that goal.

Demetrio Sodi de la Tijera, member of the Conference, discussed the points: to hold a consultation with the various civilian and political forces to participate in a national dialogue that promotes peace; promote the principles of medical neutrality in all health and food actions conducted in Chiapas; complete a vaccination campaign in the conflict area and continue the distribution of food in the hardest hit areas, with the support of universities and private organizations.

**Bank Reports $181-Million Hike in International Reserves**

*PA3108154495 Mexico City NOTIMEX in Spanish 2102 GMT 30 Aug 95*

[FBIS Translated Text] Mexico City, 30 Aug (NOTIMEX) — The (Central) Bank of Mexico [Banxico] reported today that as of last Friday the international reserves of the country totaled $13.543 billion, an $181-million increase over the level reported last 18 August.

In a communique, the financial institution said that the preceding balance was due to the arrival of $306 million and the departure of $125 million.

The receipts came from the net sales of foreign currency made by the federal government to Banxico for $20 million and the payment of $13 million to the government fund to support commercial banks.

In addition, the net sale of foreign currency made by state-owned Mexican Petroleum to the Banxico for $273 million was included.

Meanwhile, during last week, there were outlays resulting from the amortization of Treasury Bonds (Tesobonos) for $104 million and $21 million for other operations.

In the statement of account, Banxico indicated that as of 25 August the monetary base, bills and coins in circulation, totaled 46.242 billion new pesos. This represents a 1.742 billion new pesos reduction with regard to the level registered on 18 August.

**Article Criticizes Bankers' Stand**

*PA3108140795 Mexico City REFORMA in Spanish 28 Aug 95*

[Article by Enrique Quintana: "Self-Inflicted Harm?" — received via Internet]

[FBIS Translated Text] Early last Friday, El Barzon national leader Jose Quirino said on the Monitor program that his organization will advise those debtors who would benefit from the ADE [Agreement on Immediate Support to Bank Debtors] to accept the conditions stipulated by the banks. Shortly after, [Jose Madariaga], the president of the Mexican Association of Bankers [ABM], gave his reaction. What do you think he said?

They had a poor start. If this is about undermining the moral authority of the groups that have organized the debtors thus far, the position adopted by the president of the ABM will not accomplish much.

Following the request for a dialogue made by Barzon leader Quirino, the answer he obtained was that if he had any problems with his credit, he should go to the president of Probursa Group himself or if he wanted to represent someone else, he should obtain the necessary powers of attorney to represent third parties.

If the ADE was necessary, it was not only because of the economic crisis, but because of attitudes such as Madariaga's.

For many months, the importance of the debtors' organizations was underestimated. They had to grow to the extent of "blocking" the Government Secretariat for

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them to be seriously considered. It is naive to believe that these organizations would suddenly vanish into thin air after the ADE is implemented.

It is possible — almost certain — that there are political intentions other than the sole objective of resolving the debtors' problem. It would be naive not to see this, but it would also be naive to assume that El Barzon is an insignificant force that can be ignored.

This attitude was precisely the driving force that enabled it to grow to its current size.

If the banks truly want to defuse the political threat the debtors' movement represents, they must adopt attitudes that allow them to undermine the moral authority of the leaders of these organizations and they should stop inflicting harm on themselves with defiant stands as the one described above.

These are the attitudes that still make me keep a certain dose of skepticism regarding the program's potential for success.

The authorities and the bankers are correct when they say that they cannot give a preferential treatment to debtors in arrears because the resources of Mexican depositors must also be protected.

According to the latest figures by the Bank of Mexico, there are 14.2 million bank accounts, which gives an idea of the number of people who have deposited their savings in the banking system.

However, if one takes a careful look at the deposits, one realizes that their structure reflects the same peculiarities that characterize every aspect of Mexican life: an enormous inequality.

For instance, let us look at the case of checking accounts. There are 4.5 million checking accounts. Ninety-three percent of checking account holders — assuming one account holder per account — hold 37 percent of the total funds. Or, conversely, 7 percent of account holders hold 63 percent of the total funds.

If we take into account all the instruments used by the banking investment sector as well as the traditional instruments used to attract funds, we will see that a mere 0.1 percent of depositors (24,193 accounts) hold 56 percent of the bank deposits.

In contrast, 90 percent of depositors control 20 percent of the savings.

Certainly, the fact that savings are concentrated does not imply that they can be expropriated. The inequality in the distribution of wealth we observe in bank earnings only reflects the prevailing inequality in the entire society.

However, it cannot be ignored that any reference to the savings of Mexicans does not necessarily include — at least with regard to volume — the small savings accounts of millions of people, but rather the large deposits made by a few thousands of clients.

The political significance of this difference is as important.

Will the ADE have a regressive or a progressive effect on the distribution of income? The answer is quite complicated.

We have already seen that the interest to protect the savings of Mexicans is chiefly an interest to protect the deposits of a minority of the entire population.

However, we also have a similar situation in the case of loans. The number of loans banks have issued amounts to approximately 8 million, 10 million in the best of cases.

Hence, it turns out that any person who has contracted a bank loan is not part of Mexico's underprivileged or low-income population. On the contrary, that person is most likely to be above the average regarding the distribution of national income.

This group will be subsidized by another group: the one that pays taxes. All those people who argue that all Mexicans will subsidize the debtors of the banking sector and the banks.

Actually, the group that pays taxes in Mexico does not comprise the majority of the population, and among taxpayers, those who contribute the most are those who have the highest incomes and they are also the ones who have access to bank loans.

Examining the situation from its different angles, it turns out that the ADE will have no effect whatsoever on a large portion of the population. As for the rest of the population — even under the assumption that the taxpayers will do their share to save the debtors, it is not clear whether or not there will be a regressive impact.

Perhaps, the only obvious aspect regarding the effects of the program is that it may have a significant impact on the recovery of the image of banks, which have turned into the villains of the national situation.

As people become aware that in the short run, the banks, and not the government, will be the ones to pay for the subsidies through a loan to the public sector, the banks will be able to redeem their image. The banks must accomplish this with intelligence... and not by inflicting harm on themselves.

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**ABM on Debtors' Immediate Support Agreement**

*PA3108153395 Mexico City LA JORNADA in Spanish 29 Aug 95*

[Article by Laura Gomez Flores and Salvador Guerrero — received via Internet]

[FBIS Translated Text] The Mexican Association of Bankers (ABM) said yesterday that the Agreement for Immediate Support' to Bank Debtors (ADE) will be the last program for the rescheduling of debts, because the financial effort that banks and the government made reached its "maximum limits and it would be imprudent to make additional disbursements."

After describing the ADE as a solution to safeguard the legitimate interests of everyone without resorting to strongly politicized and utopian measures, Hector Larios Santillan, president of the Business Coordinating Council (CCE), pointed out that the company or individual refusing to accept ADE is either involved in inviable activity and can no longer pay regardless of the kind of program offered or has a clear intention to defraud.

He warned: "Anyone refusing to accept this program risks facing a lawsuit, and above all, losing credits and his good name, because success of this program hinges on the strength of banks, progress of our companies, and revival of the country's economic development in a healthy and sustained manner."

Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic (Coparmex), described the agreement as a "positive step" that could bring about a nonviolent solution to the problem of overdue portfolios; nevertheless, should additional support be needed, other measures could be adopted to prevent the disappearance of the production plant and loss of jobs. "This is no magical solution but constitutes major progress in the effort to tackle this situation that has grown in a dramatic manner," he pointed out.

During a satellite transmission to 29 states of the Republic and 60 localities of an ADE analysis from a business standpoint, ABM President Jose Madariaga Lomelin said that there is currently an analysis on the application of schemes for the rescheduling of overdue portfolios for the unemployed. This situation, and well as that of loans acquired in dollars, must be overcome.

He explained that the banking system has been severely affected by a drastic reduction in internal liquidity, higher interest rates, a considerable decrease in number of foreign financial sources, and its obligation to pay interest to savers. He added, however, that new lines of financing to revive the economy will become available as overdue portfolios are rescheduled.

Companies will have working capital as they solve their financial problems and will be able to accelerate the pace of their activities, and in turn, will recover confidence in their future, he added.

Madariaga Lomelin agreed with the CCE president that "should the problem of overdue portfolios remain unsolved, the revival of our economy could be indefinitely delayed, because it has reached very dangerous levels for all of us and not only for bank debtors and bankers."

Larios Santillan said that ADE is a viable and equitable program, because there are resources to sustain it, to grant preferential treatment to debtors who are up to date or decide to become up to date in their payments, and because it mainly favors small debtors who represent about 75 percent of the 6 million debtors who will be able to solve their problems totally or partially.

This solution, he added, safeguards "the legitimate interests of everyone" without resorting to "highly politicized and utopian measures" that would lead to "chaos in our economy and would fuel the ambitions for power and notoriety of unscrupulous leaders."

With this program, he noted, "we are certain about the start of a new era of work within an atmosphere of social peace and reasoned optimism that will allow the country to overcome more swiftly the recessive period that it is currently experiencing."

According to the information revealed, ADE will benefit 78 percent of credit cardholders whose interest rate was lowered from 69 to 38.5 percent and 91 percent of those who acquired personal loans or purchased consumption goods, because their interest rates were decreased by 31 percentage points.

Moreover, 75 percent of the indebted companies will enjoy an interest rate decrease from 56 to 25 percent and 75 percent of agricultural debtors will enjoy an interest rate decrease from 56 to 25 percent.

The meeting, which took place at the auditorium of Canacintra [National Association of Manufacturers], was also attended by Canacintra President Victor Manuel Terrones Lopez and by German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce.

The Canacintra leader reported that based on a national consultation on the financial situation of companies conducted at 350 production units, 42 percent of reported that they were facing a precarious situation due to debts acquired with the Finance Secretariat, Mexican Social Security Institute, Infonavit [Institute of the National Fund for Workers Housing], SAR [Retirement Savings System], and the National Water Commission. Thus, he

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voiced his hope that will soon take advantage of ADE to ease their financial pressures.

At noon at the Government Secretariat, the ABM president said that although the results of ADE will not become apparent until 11 September, the program "is progressing very well."

He is so confident about its virtues, that before boarding his metallic bottle green Cadillac El Dorado to leave the Government Secretariat building, he told the journalists: "If you feel that something is not right, please let us know."

**Government Presents New Immigration Forms**

*PA3108200695 Mexico City NOTIMEX in Spanish 0910 GMT 30 Aug 95*

[FBIS Translated Text] Mexico City, 30 Aug (NOTIMEX) — The Secretariat of Government (SG) presented today an Immigration Form for Visitors and Counselors (FMVC), which will simplify paperwork for foreigners requesting to enter the country and to increase international economic flows.

In a communique, the SG indicated that said immigration form responds to a request from the business sector to expedite the entry in Mexican territory of productive investments as well as industrial, commercial, and financial activities that benefit the country.

Cesar Becker Cuellar, under secretary of Population and Immigration Services, has affirmed that the immigration department intends to provide better immigration services and to facilitate the sovereign participation of the country in the globalization process.

Regarding this way of bureaucratic simplification, Fernando Solis Camara, commissioner of the National Immigration Institute, explained that the new instrument is the product of an SG diagnosis and proposals from business chambers and organizations.

In addition, Hector Larios Santillan, president of the Business Coordinating Council, has said that the new immigration procedures is a positive action to expedite the entry of businessmen in the country.

He explained that this action reflects a change of attitude that has produced in the government and society the movement from a closed economy to an intelligent opening.

The procedure, the business leader remarked, contributes to make Mexico competitive in order to attract the savings generated abroad, support the economic development, and increase the standards of living of the population.

The SG reported that this procedure will simplify the entry of foreigners from 33 countries in Mexico, to include technicians, businessmen, personnel transferred from foreign corporations, and councilors.

Among these countries are Germany, Argentina, Australia, Austria, Belgium, Brazil, Chile, South Korea, Denmark, Spain, Finland, France, Great Britain, Greece, Ireland, Iceland, Israel, Italy, Japan, Luxembourg, Monaco, Norway, New Zealand, and Portugal.

**Secofi Announces Measures To Support Sugar Market Stability**

*PA0109013995 Mexico City XEW Television Network in Spanish 0430 GMT 31 Aug 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] In the evening of 30 August, the Commerce and Industrial Development Secretariat [Secofi] issued a communique announcing it has taken measures to support stability in sugar markets. Among these measures are: 1) Stores affiliated with the National Association of Self-Service Stores will not pay more than a 10 percent increase in the price of sugar, and only this percentage can be passed on to the consumer. 2) Secofi has established this same agreement with the main stores in the public and union sectors, such as Diconsa, the IMSS [Mexican Social Security Institute], and the ISSSTE [Social Security and Services Institute for Government Workers]. The Social Security stores have enough sugar supplies to last them two and one-half months, and 3) The Supply Office in the federal district will start a program of direct sales to low income neighborhoods on 31 August.

Secofi stated that it cannot stop certain people from speculating with prices but that purchasers do not have to pay higher prices.

**Mexican Petroleum Increases Diesel Exports by 62 Percent**

*PA3108200595 Mexico City NOTIMEX in Spanish 0145 GMT 31 Aug 95*

[FBIS Translated Text] Mexico City, 30 Aug (NOTIMEX) — From January to July of this year, Mexican Petroleum (Pemex) exported an average of 23,500 daily barrels of diesel, that is, 62 percent more than the export level registered for the same period in 1994.

The Mexican petroleum enterprise said that in the aforesaid period, the National Refining System produced an average of 269,600 daily barrels of diesel without sulfur, Sin [expansion unknown] diesel, and marine diesel.

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This volume allowed authorities to meet the national market requirements and export the surpluses, with the ensuing entry of foreign currency. It also allowed authorities to have enough product in stock in order to meet any possible fluctuation in the demand.

In the domestic market, Pemex indicated that its subsidiary National Refining System met the needs of the electrical sector, cargo and passengers transportation, railroads, ships, agricultural machinery, and the construction industry among others. It reportedly sold 227,200 daily barrels on average.

In this regard, Pemex stressed that the participation of Sin diesel, with 0.05 percent sulfur contents, announced in July of this year accounted for 45 percent of total diesel sales in the Mexican Republic.

It added that Pemex-Refining has made a series of improvements in its processes and installations. This has permitted Pemex-Refining to increase the preparation of petroleum and ecological quality products, so as to help reduce atmospheric pollution.

**Telecommunicastion Companies Foresee Expansion of Services**

*PA2408172395 Mexico City LA JORNADA in Spanish 22 Aug*

[Report by Victor Cardoso — received via internet]

[FBIS Translated Text] The opening of telecommunications in Mexico will create an interconnectivity market between public and private networks with an estimated value of at least $4 billion in the next five years.

According to Francois Baluet, director of expansion and marketing of the Red Uno company, a partner of Telefonos de Mexico [Telmex], the integration of technology and communications networks will not just allow telephone service franchisers to sell the line but also receive overall communications services known as multimedia (video, voice, data, electronic mail, Internet, interactive television, purchases, etc. in a single terminal.)

Dionisio Arras Leon, general director of the Redes Via Satelite company (another of the suppliers of the national market), said, in turn, that as the computer systems, electronic mail, and accesses to Internet, among other services, keep growing a greater number of telecommunications networks will be required so that businesses can operate more efficiently.

Meanwhile, the participants of the Third meeting of the Inter-American Commission on Telecommunications criticized the existence of monopolies in different Latin American countries and spoke in favor of breaking that structure to improve services. Within the context of that meeting, they will discuss mechanisms that will make it possible to standardize radio-communication service at the continental level.

Baluet explained that the current telecommunications services created by the solid economic capacity of companies, computers, and customer services share in common a "digital stagehand," that is, the interconnection of technologies that open communications among them and allow the user to have access to the different providers of services. As for the case of the company that became recently associated with Telmex, he said it has established approximately 50 percent of the interconnectivity in the country and hopes to supply half of the future demand with an annual growth of 12 percent.

He noted that the partnership with Telmex will allow his company to make incursions in the Latin American and U.S. markets through "knowledge and services" exports.

Another competitor in the market, Redes Via Satelites, has focused on the marketing of satellite services that the Telecommunications of Mexico (Telecomm) is currently supplying and the installation on diverse business networks in the field of finances.

According to the Arras, the market is broad since the commercial expansion of businesses will require more and better telecommunications links to improve their operations. He said the same is happening in the rest of the Latin American countries, where his company has started to make incursions to market Telecomm's satellite capacity for this region.

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## El Salvador

### Central Bank Reports Exports, Imports, Reserves Increases

*PA0109042895 San Salvador EL DIARIO DE HOY in Spanish 31 Aug 95 p 20*

[From "The Economy on the Move" Column by the Central Reserve Bank of El Salvador]

[FBIS Translated Text]

#### A Larger Economic Opening

The measures the government has taken to enter broader markets, as a means to achieving larger economic growth rates, are yielding positive results. The July foreign trade, which recorded a 37 percent increase in exports, as compared to the same month in 1994, shows this fact. Among exports, assembly plant exports stand out, which increased by 59 percent, thus showing an increase in investments in this sector. This shows there is more confidence in the country and in the policy measures that were taken.

Imports grew by 39 percent, and the assembly plant and capital goods imports showed the largest increases, 61 and 37 percent, respectively. Intermediary goods increased by 33 percent. The imports behavior predicts better growing expectations for the rest of the year, because they are basically geared toward the manufacturing industry and the agricultural and construction sectors.

#### BCR [Central Reserve Bank of El Salvador] Reserves Increase

The legal framework reforms and the macroeconomic stability have instilled confidence among investors, thus favoring the foreign sector as it elicits a continuous foreign exchange flow in the country, thus allowing the BCR to accumulate net international reserves (RIN) totaling $855 million, representing 3.1 months of exports, by August. The BCR level of reserves fluctuates daily according to the exchange flows in the public sector and the private sector demands, which are adversely affected by the behavior of goods and services exports and imports, family remittances, credits, and international aid, as well as capital flows. In other words, reserves increase in certain weeks and decrease in others, always showing an upward trend. In the last two years, the BCR RIN increased an average of $144 million. This amount has allowed the BCR achieve its goal of promoting and maintaining monetary and exchange stability.

#### BCR Measures Favor Economic Stability

The measures the BCR has taken — namely, increase the sale of CEM's (Monetary Stabilization Certificates) and set an additional banking reserve rate for the deposits of the public sector in the financial system — will result in the restriction of the excessive liquidity of the financial system, thus reducing the credit increase and the aggregate demand in the economy.

Guaranteeing economic stability by eliminating unfair price hikes in certain products constitutes the major benefit of the BCR measures and the healthy fiscal policies on which the central government is working. In addition, these measures will contribute to increasing the level of international reserves and reducing the import growth, thus guaranteeing exchange stability.

#### Economic Indicators

The export of goods and services, in terms of the GDP, have increased in a sustained fashion in the last four years as a result of a larger commercial opening and the technological innovations the companies are making.

The RIN amounted to $825 million in August 1995, $194 million more than in January 1994. This larger amount of RIN stemmed from the exchange flows of the public sector, the results of the exchange demand and supply of the private sector, more exports, import demands, family remittances, international aid, and capital flows.

The structure of the goods and services imports shows that the intermediary and capital goods have increased the most as a result of a larger demand for the raw materials and capital goods the country's economic activities require.

## Guatemala

### President De Leon Admits Increase in Violence

*PA0109035795 Guatemala City Televisiete Television in Spanish 1900 GMT 31 Aug 95*

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio admitted today that violence has increased in the country, adding that he plans to send a weapon control bill to Congress and further [word indistinct] programs to counter this situation:

[Begin De Leon recording] A number of problems have taken place at a national level. The proliferation of weapons, some of them [word indistinct], have caused tragedies and victims, loss of human lives. I insist the sale and [word indistinct] of weapons has to be regulated. I ordered a study on the problem some time ago. I am going to try to contact the corresponding commission at the Congress of the Republic to discuss the issue. I understand the problem is being viewed by

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a commission, but I will simply present the bill if this is not the case.

Of course, the proliferation of weapons is not the only reason for violence. There are socioeconomic and other kinds of reasons for it, for example, drug trafficking, organized crime, etc. Such problems are not limited to Guatemala; quite the contrary. Common violence can be seen the world over. This is no excuse, however, and thus, we have to lay the bases that will allow the future government to confront the problem more effectively. This government is the one that will have to attack violence more directly and with more time and resources. Violence prompts citizen insecurity and is the scourge that most affects the people. [end recording]

In a clear reference to the people's fear that powerful sectors in the country will arm security groups without any type of controls, the president said the next government will have to resort to a security system based on citizen participation. Furthermore, he did not reject the possibility of the Army participating in the struggle against crime:

[Begin De Leon recording] I have already stated that one of the Army's objectives, according to the Constitution, is to maintain peace, calm in the national territory, and to defend the country's sovereignty. Thus, it would be proper for the Army to participate when the situation so merits it. I have not issued such instructions directly.

The Army cooperates and gives support to the civilian authorities in their regular activities, such as surveillance, support, and backup. I still have not decided, however, to use them directly. This is not an easy decision to make, as it has its inconveniences. I always pointed out the inconveniences of sending the Army to the streets when I was the human rights ombudsman. It weakens more than strengthens. The decision is viewed positively at the beginning; it is applauded, but it usually brings problems to the Army and to security itself later on. There are a number of elements that have to be taken into account to make a decision of this nature, especially when we are amid an electoral process. [end recording]

### National Conciliation Party Registers Officially

*PA3108190395 Guatemala City LA REPUBLICA in Spanish 30 Aug 95 p 8*

[FBIS Translated Text] The National Conciliation Party [Partido de Conciliacion Nacional — PCN] was officially registered on 29 August at the Citizens' Registry (RC) and became the 29th party that will participate in the 12 November general elections, PCN Secretary General Carlos Gonzalez Quezada has reported.

In a race against time, and only 76 days before the general elections, the PCN secretary general withdrew from the RC on 29 August the party's minute book that will be used in its first national assembly on 9 September in this capital.

RC Director Felix Castillo Milla said that "all requisites were fulfilled," as mandated by law, to establish a new political party.

RC official Mario Roberto Quinonez stated that with this new entry "the party is now legally registered" and proof of this is that its leaders are already planning the first assembly.

Gonzalez Quezada, who said that his party will participate in the 12 November elections, described his party as a valuable working tool to build a political system that will address social problems and try to overcome imbalances.

He added that we think that it is necessary "in our political life to start with an important base that dignifies and gives new value to man's political activity as the most legitimate and natural activity; one that gives priority to respect for ethical and moral values and makes man the center of the universe."

## Nicaragua

### Antonio Lacayo Comments on Possible Candidacy

*PA3108180895 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 30 Aug 95*

[Report by Eliodoro Sevilla; from the "National Newscast"]

[FBIS Translated Text] Presidency Minister Antonio Lacayo, who will leave his post in the next few days to work full time in the national [word indistinct], has said among other things that his separation from the government is strictly to work harder for his party, and not because he is seeking a candidacy.

He added, however, that should he be elected in the internal elections of the Electoral Board, he will accept the nomination, because the current constitution allows it.

[Begin Lacayo recording] The only reason that could limit the right to be elected is age; that is what the current constitution says. Therefore, I feel protected by the constitution. I believe I have the same right as any other citizen who is of age. In that regard, I do not feel tied up as those who promoted some limitations tried to infer. [end recording]

Lacayo said he has no idea who will replace him at the Ministry of the Presidency.

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[Begin Lacayo recording] That decision is entirely up to the president, particularly taking into consideration that according to Decree 190, the minister of the presidency must coordinate the cabinet, which is a very serious responsibility. Therefore, only the president can choose someone of his entire confidence to do that job. [end recording]

Although it has been speculated that Julio Cardenas will be the next minister of the Presidency, Lacayo said he will continue supporting the government, because he voted for this government.

**Lacayo 'Satisfied' With Economic Achievements**

*PA3108180295 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 30 Aug 95*

[From the "National Newscast"]

[FBIS Translated Text] Presidency Minister Antonio Lacayo today attended his last meeting with the economic cabinet. He said he is satisfied, because the country has started its economic take off.

During the past five years, the government has made great achievements based on the economic stability, the resumption of relations with international financial institutions, and it is possible that this year the economy will grow more than 4 percent. Antonio Lacayo, a staunch defender of the economic policy, leaves the government with those achievements.

[Begin Lacayo recording] I am sad to leave, but I am leaving at a time when the country's economic prospects are better than ever. I feel that fortunately, the fruits of the government's economic policy are beginning to show, and will be felt stronger during the next 12 months.

Investors will finance new projects, which will create new jobs; we will produce greater volumes of coffee, sugar, soybean, peanuts, and grains in general; industrial activities as well as the construction industry are expected to grow. At the same time, exports are expected to reach $500 million this year, which seems incredible when we remember that two or three years ago they were only $200 million. (end recording]

Lacayo said he is aware of the levels of poverty that still exist, but stressed that this can be overcome if we all commit ourselves to maintain the stability achieved in the past few years.

**New Customs Agreement Signed With Honduran Government**

*PA3108193295 Managua BARRICADA in Spanish 30 Aug 95 p 6*

[Report by Maria Antonio Lopez]

[FBIS Translated Text] Fourteen points of consensus were attained in the second meeting of the Honduran-Nicaraguan Binational Commission's subcommission for Juridical Affairs and Border Cooperation.

A new work schedule was established for El Guasaule border post, from 0700 to 1700, and Las Manos border post, from 0800 to 1700.

In case of excursions, Honduras promised to order the delivery of vehicles carrying merchandise directly to the Nicaraguan border, while passengers must fill a declaration of merchandise to tally the pieces of luggage and their contents.

Customs posts promised to demand the crossover of merchandise only through legally authorized roads, and to supply information dealing with freight cars in transit to Honduras.

They also promised to eliminate border fees for citizens from the two countries, in compliance with the pledges assumed in the C-A4 [Central American 4 Group].

Moreover, they will submit an agreement that regulates the necessary procedures and documents so each country returns vehicles stolen in their territories to their rightful owners.

Joint patrols coordinated between the two countries will be planned to combat drug trafficking, gunrunning, contraband, felling of trees, rustling, and criminal gangs.

Referring to migration issues, they established that any citizen or foreigner must carry a document showing the corresponding arrival or departure stamp by the appropriate authorities.

Nicaragua's General Immigration and Aliens Directorate will demand that all South Americans and other foreigners who wish to enter Honduran territory must carry a visa, and they must present the document upon arrival in Nicaragua.

The discussion on ecological crimes will be included in the agenda for the next binational meeting, scheduled for September.

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## Panama

### Interview With Perez Balladares

*PA0109041595 Panama City Circuito RPC Television in Spanish 2300 GMT 30 Aug 95*

[Part II of III of interview with Panamanian President Ernesto Perez Balladares with Marcos Castillo; from the "RPC Television News" newscast — recorded]

[FBIS Translated Text] [Castillo] Mr. President, you are about to travel to Washington and the Orient. What topics will you discuss with U.S. President Bill Clinton?

[Perez Balladares] The topics we will discuss are the obvious ones: the canal's transition, future cooperation and the special relation that exists between the United States and Panama, and any other topic of the bilateral agenda that may be brought up by President Clinton or by me. As far as I am concerned, I can tell you that I will bring up the topic of money laundering and drug trafficking, Panama's insertion into the free trade agreement, and the search of investments for Panama that may result from that free trade agreement.

I am convinced that what is most advisable for our national interest is the fulfillment of the Torrijos-Carter Treaties, its letter and spirit. As far as Panama is concerned, the recovery of the reverted areas, the administration, and ownership of the Panama Canal is nonnegotiable under any perspective. If there could be a new treaty, another negotiation over a U.S. military presence in Panama beyond the year 2000, it would not be up to us to propose. It would be up to the U.S. Government to propose. Our national security interests are not at stake if a U.S. military presence exists in Panama or not. The interests that may benefit from a U.S. military presence in Panama are not Panamanians from a strictly national security point of view, it is the United States. Consequently, they are the ones who would have to bring it up, if they deemed it necessary. If this were to occur, we would evaluate it from the point of view of our own national interests. I have said that the national security topic is not, in our opinion, one of the interests that would be adversely affected by it. Consequently, it would not be a judgment issue for such an evaluation. We would, at any rate, evaluate the possibility of obtaining economic earnings or benefits from a U.S. military presence. If that were the case — and I am not saying it is — the final determination would not be made by our government, but by the Panamanian people, who would have to make the decision in a plebiscite.

[Castillo] Mr. President, you are also planning to travel to the Orient, Japan and Taiwan. What is the purpose of your trip? Are you going to sow or reap?

[Perez Balladares] I think we are going to do both things. We are going to finish off a few things that have been pending for quite some time, which we have been negotiating, such as a few investments that may come to Panama in the short run. We hope we can put the finishing touches on them, however, when you reap, you also have to sow for the future. Consequently, we are going to encourage a series of investors in the various countries we are going to visit to try to get them to come to Panama. So to answer your question, after doing some reaping, we are also going to do some sowing and study the possibility of new Asian investments in Panama. Of course, we are also going to work to get Panama into the various open markets that exist. We have made the decision to join the Andean Pact, as an observer, which by the way will soon join the Mercosur [Common Market of the South]. We have taken the first steps to sign the free trade agreement with Mexico and during my trip to the United States and during my meeting with President Clinton, we are going to talk about the NAFTA.

### President Says Canal Treaties 'Not Negotiable'

*PA3108175795 Panama City ACAN in Spanish 1206 GMT 31 Aug 95*

[FBIS Translated Text] Panama City, 31 Aug (ACAN-EFE) — Panamanian President Ernesto Perez Balladares said on Wednesday that the U.S. Government so far has not shown any interest in discussing a possible renegotiation of the U.S. military presence in Panama beyond the year 2000.

"I have not received any official notification from the U.S. Government that there is interest in discussing this issue," Perez Balladares remarked.

The Panamanian head of state, who will travel to Washington on 6 and 7 September to meet with his colleague, Bill Clinton, explained that it is the United States and not Panama that should show interest in addressing that issue.

He added that the military bases on the banks of the Panama Canal have the purpose of safeguarding the national security of the United States, and from that perspective, those defense sites are not of interest to Panamanians.

"If the United States requests to keep the military bases, it (Panama) would only be interested for strictly economic reasons," the president affirmed.

It would be, in any case, a matter of assessing the possibility of earnings or benefits from a U.S. presence and "eventually, if that were the case, which I am not saying it is, it would be up to the Panamanian people

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to decide on this through a plebiscite," Perez Balladares indicated.

He added that Panama is trying to generate economic activities in those bases, "so as to not even have the economic problem entailed by the vacuum" they will leave when the troops withdraw on 31 December 1999, as stipulated by the Panama Canal Treaties signed by both countries in 1977.

Consequently, Perez Balladares stressed that what is most beneficial for the national interests is the fulfillment of the letter and spirit of those treaties, whereby the United States will return the canal and its installations to Panama in about five years.

"That is not negotiable," the Panamanian leader warned.

Regarding the issues he will discuss with Clinton, Perez Balladares reiterated that the renegotiation of the military bases does not appear on the agenda of that meeting.

The "laundering" of money from drug trafficking and Panama's entry into the NAFTA are the most important issues he will discuss with Clinton, the Panamanian president stated.

After concluding his visit to Washington, Perez Balladares will travel to Japan to begin an intensive tour of several Asian countries, with the purpose of attracting investments to the country.

**Human Rights Official: Reject Renegotiation of Bases**

*PA3108182995 Panama City LA PRENSA in Spanish 31 Aug 95 p 8A*

[Report by Jose Quintero De Leon]

[FBIS Translated Text] Nicolasa Terreros, associate coordinator of the Peace and Justice Service [Serpaj] for Latin America, asked in a letter sent to President Ernesto Perez Balladares to reject any possible renegotiation of the military bases, especially now that he is preparing to travel to Washington on 6 September.

According to Terreros, it would not be either fair or dignified for Panama to remain the object of any sort of abuse or disrespect by a nation, whose leaders have demonstrated total contempt for Panama.

Serpaj is a human rights organization affiliated with the United Nations. In her letter, Terreros tells the president that she deems "inappropriate" — from every angle — that Panama should consider, even for a moment, a renegotiation of the bases with the United States.

To this effect, she recalls that throughout history, the United States has used an excuse, in keeping with the time and its interests, to maintain our territory occupied and thus, maintain its control over the entire region of Central and South America.

As an example, she mentions that yesterday, it was the threat of Communism, while today, it is the threat of drug trafficking, and adds that this way, they will always "find a good justification to trample on us."

"Mr. President, why should Panama wait for the United States to discuss the need of maintaining the military bases in its territory " Terreros says.

Subsequently, she points out that it would be more reasonable and dignified to tell them that we do not want any more bases, that we want to recover our total sovereignty to build a true democratization process.

Terreros believes the best thing Perez Balladares can do is to tell Clinton that we want to recover the totality of the Panamanian territory to promote a true program of integral development, which will enable Panama to reduce its increasing levels of poverty.

Moreover, it would be more dignified to show the world that we have recovered our history and thus, pay homage to the men and women who have given their lives for the noblest cause: the motherland.

Almost at the end of her letter, Terreros tells Perez Balladares that he, his government, and the men and women that accompany him in his administration, have a great responsibility with Panamanian history.

Their responsibility is to decide whether they will let Panama remain a country with a tarnished sovereignty or help Panama become a country of great dignity, thus achieving what many of us want: our sovereignty.

**Closing of Bases To Revitalize Manufacturing Industry**

*PA3108193095 Panama City LA PRENSA in Spanish 30 Aug 95 p 25A*

[Report by Edith Castillo Duarte]

[FBIS Translated Excerpt] Former Panama Canal Commission Administrator Fernando Manfredo stated that the closing of the military bases offers the unique opportunity of revitalizing the manufacturing sector in Panama, particularly in an area having the comparative advantage of being close to the canal and ports, and of expanding industrial and commercial services.

With this goal in mind, he added, we should view the bases and lands to be reverted as an economic machinery to create employment and not as a surplus or unnecessary properties.

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The expert argued, "The military bases should be viewed as a whole with focus on the creation of employment and not to be distributed into pieces according to the preferences of different state agencies or individuals."

Manfredo, who lectured at the forum "The Interoceanic Region: The Immediate Challenge," which was organized by the Association of Real Estate Brokers, said he is concerned to see "how state agencies have rushed to move into the reverted properties without making a study on cost-benefit and alternatives of use."

The lecturer enumerated a series of principles which should be considered to develop the interoceanic region, among which he underscored the adequate coordination of actions between state agencies.

Manfredo said that once the Interoceanic Region Authority (ARI) determines the use for the reverted properties, other government agencies should be encouraged to make other decisions, such as security, the provision of public services, and land transference.

To this end, the central government should facilitate actions for the timely transference of property and support decisions to create employment and improve the economy. Manfredo said, "Without this coordination there would be very costly delays and opportunities would possibly be lost."

He also pointed out that adequate financing is "critical" to achieve a productive use of these properties which will create employment. He made the remark that there is not a single source for financing the conversion of the bases.

The lecturer underscored that the intended development will require large investments in infrastructure because many of the installations will have to be modified to serve new purposes of reuse.

Manfredo claimed that regulatory processes should be aligned or "the state would face the danger of negatively affecting the ARI's efforts to use the reverted areas and properties."

Manfredo said the excess of national and municipal regulations is "particularly worrisome" for the conversion of the military bases, but he claimed that the challenge will be "to remove the barriers hindering a successful conversion."

For this reason, Manfredo stated, the ARI has the great responsibility of smoothing the process for reusing the bases by maintaining and improving human resources, expediting clean-up, reconciling social and economic uses as well as resources for protection with the development of the bases, improving financing for their reuse, and by solving problems.

Manfredo stated, "This will set economic development as the top priority for reusing the military bases on the canal and for revitalizing these bases as the first source of export manufacturing, which will result in the growth of this industry in our country." [passage omitted]

**Negotiations With Costa Rica for WTO Entry Concluded**

*PA0109004795 Panama City EL PANAMA AMERICA in Spanish 31 Aug 95 p A-4*

[Report by Carlos Anel Cordero]

[FBIS Translated Text] The Panamanian Negotiating Commission and that of Costa Rica this week closed negotiations for Panama's entry to the World Trade Organization (WTO), Nitzia de Villarreal, minister of commerce and industries, reported yesterday.

After several months of intense negotiations and different demands, the Costa Ricans gave up their demands and put off the same for the future renegotiation of a free trade bilateral treaty.

The minister indicated that in the negotiations it held with other nations, Panama obtained a series of exceptions in sensible areas which are transmitted to the rest of WTO participants, adding that that is why Panamanian negotiators could not yield to the demands of the Costa Ricans.

It would be inconvenient for the Panamanian economy to eliminate those exceptions and, consequently, it was decided to resume the negotiation of that bilateral treaty, with the previous commitment that they will be more effective.

Panama trades with Costa Rica fruits, vegetables, milk by-products, and agroindustrial products. During the latest few years, Panamanians and Costa Ricans have mutually blocked, on several occasions, the movement of some products across their borders.

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## Bolivia

### Cabinet Tenders Resignation to Sanchez de Lozada

*PY3108204995 Buenos Aires TELAM in Spanish 2000 GMT 31 Aug 95*

[FBIS Translated Text] La Paz, 31 Aug (TELAM-SNI) — The entire Bolivian cabinet today tendered its resignation to President Gonzalo Sanchez de Lozada to allow him to freely form his new ministerial team.

Foreign Minister Antonio Aranibar today confirmed the drawing up of a collective letter of resignation. After President Sanchez de Lozada's second year in office, which passed on 6 August, the foreign minister described as normal the decision of tendering a collective resignation.

### Minister Reads Decree Naming New Cabinet Ministers

*PY0109034095 La Paz TVB Television Network in Spanish 0110 GMT 1 Sep 95*

[Decree on the installation of the new Bolivian cabinet, read by Presidency Minister Jose Guillermo Justiniano Sandoval, at the Government Palace in La Paz; names identified by screen caption — live]

[FBIS Translated Text] Presidential Decree No. 24,107; Presidency of the Republic; Gonzalo Sanchez de Lozada, constitutional president of the Republic;

Considering: that the cabinet members have placed their posts at the disposal of the president of the Republic, after the completion of the first government phase;

that, pursuant to Article No. 99 of the Constitution and to Articles Nos. 1 and 4 of Law No. 1,493 of 17 September 1993, the appointment of its ministers of state is an exclusive privilege of the president of the Republic;

Decrees: Article No. 1: The following citizens are hereby appointed ministers of state for the ministries listed hereunder:

Minister of Foreign Relations and Worship: Antonio Aranibar Quiroga;

Minister of Government: Carlos Sanchez Berzain;

Minister of Defense: Jorge Otasevich Toledo;

Minister of the Presidency: Jose Guillermo Justiniano Sandoval;

Minister of Justice: Rene Blattman Bauer;

Minister of Finance: Fernando Candia Castillo;

Minister of Human Development: Freddy Teodovic Ortiz;

Minister of Sustainable Development and Environment: Moises Jarmusz Levy;

Minister of Labor: Reynaldo Peters Arzabe;

Minister of Social Communications: Irving Alcaraz del Castillo;

Minister without Portfolio, responsible for Privatization: Alfonso Revollo (Tennier);

Minister without Portfolio, responsible for Economic Development: Jaime Villalobos Sanjinez.

Article No. 2: The appointed ministers will be installed today, during a special ceremony at the Government Palace.

Issued: At the Government Palace in the city of La Paz on 31 August 1995.

Signed: Gonzalo Sanchez de Lozada, constitutional president of the Republic.

## Brazil

### Cardoso Says PFL-PSDB Dispute 'Overcome'

*PY0109031495 Sao Paulo AGENCIA ESTADO in Portuguese 0152 GMT 1 Sep 95*

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 31 Aug (AE) — President Fernando Henrique Cardoso has described the incidents between the PSDB [Brazilian Social Democracy Party] and the PFL [Liberal Front Party] as "overcome." The incidents were sparked by Communications Minister Sergio Motta who remarked that he is against "that liberal fever of squandering property." Tonight, President Cardoso had dinner at Alvorada Palace with Motta, Planning Minister Jose Serra, Vice President Marco Maciel, and with a group of PSDB and PFL lawmakers.

Presidential spokesman Sergio Amral said that the dinner was not specifically designed to overcome the disagreements between the two parties but rather "to promote greater efficiency in conducting the constitutional reforms" and to promote greater coordination among the pro-government blocs in Congress.

PFL President Jorge Bornhausen (Santa Catarina) was the first one in arriving — at 2104 — and the first one in leaving — at 2200. He had reported earlier that he was going to travel to the United States and declined to make comments to the press.

Inocencio de Oliveira (Pernambuco), the PFL bloc leader in the Chamber of Deputies; and Jose Anibal (Sao Paulo), the PSDB bloc leader in the Chamber of Deputies, were the last ones in arriving. Also attending

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the dinner were Vice President Marco Maciel; Senator Elcio Alvares, the government leader in the Senate; PSDB President Artur da Tavola (Rio de Janeiro); Communications Minister Sergio Motta; Deputy Luis Eduardo Magalhaes (PFL-Bahia), president of the Chamber of Deputies; Senator Hugo Napoleao (PFL-Piaui); Planning Minister Jose Serra; and PFL Vice President Jose Jorge (Pernambuco).

**Candidate for PT's Presidency Interviewed**

*PY0109030395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Aug 95 Section 1 p 16*

[Interview with former Deputy Jose Dirceu; place and date not given]

[FBIS Translated Text] FOLHA DE SAO PAULO — What will change in the Workers Party [PT] if you are elected?

[Dirceu] The composition of the PT majority will change, as well as the party's agenda. We will oppose the agenda of Fernando Henrique Cardoso's administration. We want solutions to the unemployment, misery, health, and education problems. We want the political parties' directors to replace their agendas of internal fighting for community-oriented agendas.

[FOLHA DE SAO PAULO] What are the PT's main problems nowadays?

[Dirceu] First of all, the lack of political unity. The PT is also facing an estrangement from its grassroots and a reduction in its support base.

[FOLHA DE SAO PAULO] You are the leader of the "Articulation" [Articulacao] faction. With whom do you plan to make up the party's majority?

[Dirceu] I have been trying to hold talks with all PT factions. I plan to make up a majority that can reflect the PT's center-right forces. A majority that is capable of articulating the institutional policy with the social one.

[FOLHA DE SAO PAULO] If you are elected, will the PT move a little more toward the center?

[Dirceu] I would not say that the PT is currently in a leftist position. The majority that is currently heading the party has been unable to unify the PT and set a course for it. Nowadays, there is more struggle for power than for political divergencies.

[FOLHA DE SAO PAULO] Is it possible to draft a coherent alternative project with so many different PT trends?

[Dirceu] It will have to be possible. For the PT and for the Brazilian left. Otherwise, we will fail.

[FOLHA DE SAO PAULO] Aren't you afraid that your administration will live in the shadow of Lula [Luis Inacio Lula da Silva, PT founder and former president]?

[Dirceu] Lula will always be the PT's symbol, but the PT has its own structures. The PT governors and the federal congressional bloc are not subordinated to the British queen — they represent the party's structures.

[FOLHA DE SAO PAULO] What PT interests does your election go against?

[Dirceu] My election signifies the predominance of the PT structures over the party trends. It means that the PT will not have an ultra-left position. We are leftist and radical, but not ultra-leftists.

Opposition against me is more a result of prejudice than anything else. The interests affected by my election are those that led the PT toward creation of factions, and the use of the party as an instrument to defend personal interests, and, often, toward a policy that is sometimes ultra-leftist.

[FOLHA DE SAO PAULO] What restrictions do the most leftist PT groups have to your candidacy?

[Dirceu] Maybe because I have been a secretary general this has made it possible for the party's majority to exist and gave the party a very clear policy. Perhaps some factions are interested in having a disorganized party that lacks a majority.

[FOLHA DE SAO PAULO] The PT definition of socialism is held in check. Is a definition necessary?

[Dirceu] The PT has a historic responsibility because it is one of the world's largest leftist parties and makes a theoretical and political effort to redefine the democratic socialist utopia. What we cannot do is to coexist with the ghost of Stalinism. We must make clear to society that we are committed to democracy. We do not agree with a capitalism that creates social exclusion. Marxism should not be our only point of reference.

[FOLHA DE SAO PAULO] — Doesn't your explosive temper create problems for you?

[Dirceu] — I have become much more mature as a result of both my tenure in Congress and the electoral campaigns. I am extremely impatient with ineffectiveness and the lack of practical actions. Nevertheless, I am reaching my 50's; I am already a grandfather and have enough maturity to realize that I will lead a very complex and pluralist party.

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**Foreign Capital Allowed To Participate in Financial System**

*PY3108170295 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Aug 95 p B5*

["Text" of document by Finance Minister Pedro Malan on foreign investment—all numbering as published]

[FBIS Translated Text] The DIARIO OFICIAL DA UNIAO today publishes the executive order [Exposicao de Motivos — E.M.] drafted by Finance Minister Pedro Malan proposing that foreign capital be authorized to invest in the national financing system. The following is the text of the document:

E.M. No. 311/MF [Finance Ministry]

24 August 1995

Your Excellency Mr. President of the Republic

It is my honor to submit for your consideration the following proposal containing guidelines to better resolve the problem regarding foreign capital investment which is necessary to develop the national financing system.

2. The atmosphere of economic stability currently prevailing in the country demands the creation of conditions that will allow financial institutions to adapt themselves to this atmosphere, so that they can improve and expand their services and engage in a process of permanent technological updating, and thus be able to compete at an international level.

3. As Your Excellency knows, the long inflationary process experienced by the country allowed financial institutions to obtain profits from resources they held in temporary custody within a context that compensated for their expenses despite their administrative inefficiency.

4. The new economic scene now clearly demonstrates the lack of national capital to replace the inflationary gains of the past, consequently interrupting the necessary and continuous process of technological updating that is characteristic of competitive financial institutions. This process is necessary to ensure greater gains for savers and lower costs for borrowers through the reduction of the margin of intermediation.

5. In view of the new situation of economic stability that now prevails, and given the incapacity of the national financial institutions to pay for the respective necessary processes of technological updating and expansion exclusively on the basis of domestic savings, it is essential to reinforce their capital structures through the participation of foreign resources.

6. Foreign capital is already present in the national financing system through foreign bank branches with direct or indirect participation in national financial institutions, or through representations.

7. Experience has shown that the presence of foreign banks in Brazil and the participation of foreign capital in Brazilian financial institutions have never harmed the normal operations of the national financial system, particularly because the banking services that they render to the public have been classified as being of high quality.

8. It must be stated here that the arrival of foreign capital in Brazil, be it either though the creation of new institutions or through the reinforcement of the already existing ones, has contributed to filling in a considerable gap in the Brazilian economy, given that it has increased the availability of internal revenues which are necessary for national development.

9. The presence of foreign capital in the national financial system is justified given the cooperation it represents for the process of national economic opening in keeping with the directive issued by Your Excellency to further integrate the country into the international economy, consequently reducing the so-called Brazil risk and further globalizing the financial sector.

10. It must be added that the arrival of foreign capital in the national economy, particularly in the banking sector, will not only financially reinforce the country by attracting foreign savings and by adding resources to our hard currency reserves, but especially by generating economic gains as a result of the introduction of new technologies for administering resources and realizing innovation in products and services, allowing greater efficiency of allocations in the Brazilian economy.

11. Finally, the arrival of foreign capital in the national financial system is justified by the operational efficiency and financial capability of the foreign financial institutions, which will generate greater competitiveness within the system, with a considerably positive reflection in the prices of services and cost of the resources offered to Brazilian society.

12. Given all that has been explained, I suggest that Your Excellency use the prerogative granted to you by Article 52, single paragraph, of the Act of the Temporary Constitutional Dispositions, to recognize as of interest for the Brazilian administration the participation or increased percentage of participation in national financial institutions of individuals or companies residing abroad or having addresses abroad.

13. In order to allow clear-sighted and individualized examination of those interested in placing foreign capital in Brazil on a case by case basis, each financial institution must present its proposal to the Central Bank

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of Brazil. That institution, after examining the proposal, will submit it to the National Monetary Council for discussion, as a prerequisite to a final decision by Your Excellency.

Respectfully,

Pedro Sampaio Malan, minister of finance

**Senate Committee Delays Patent Bill Vote Until 13 Sep**

*PY3108193795 Sao Paulo AGENCIA ESTADO in Portuguese 2144 GMT 30 Aug 95*

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 30 Aug (AE) — Members of the Senate Economic Affairs Committee today postponed until 13 September a vote on the rapporteur's recommendations on the patent bill because they want to study the report first. Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] is the rapporteur of the bill. Bezerra included the pipeline mechanism (delayed recognition of patents that have not yet been marketed) and biotechnological inventions, but decided to exclude the concept of microorganisms. Bezerra claimed that the TRIPS (Trade Related Intellectual Property Rights) agreements, of which Brazil is a signatory, must prevail. TRIPS provide that only those microorganisms requiring inventive activity or industrial application may be patented.

In response to a request by Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo], on 12 September the Economic Affairs Committee will sponsor a seminar with representatives of various sectors having an interest in patents. Although Sen. Bezerra's report was not discussed today, it was already contested by Senator Ney Suassuna (PMDB-PB) [Paraiba], who is the rapporteur of the Constitution and Justice Committee. Suassuna made it clear that he is going to try to include again in the bill those points included in his report that were excluded by Bezerra.

Suassuna opposes the pipeline mechanism and favors a specific law to govern the patenting of microorganisms. Both Bezerra and Suassuna are members of the Economic Affairs Committee, and it is hard to predict who is going to prevail in this dispute.

Bezerra and Suassuna also disagree on the role the National Institute of Industrial Property (INPI) should play. In Bezerra's opinion, INPI should be in charge of registration of items that are protected under the industrial property law. Suassuna believes that INPI should be empowered to participate in contracts concerning technology. They also disagree on topics such as mandatory licensing (authorization to manufacture patented products that are the subject of economic abuse) and parallel imports (permit to import products the manufacturing of which is economically unfeasible in Brazil). The differences of opinion have been attributed to the fact that Bezerra is more attuned to the interests of the administration, while Suassuna has been more receptive to the arguments of Brazilian enterpreneurs.

**Workers Party President Outlines Policies, Projects**

*PY3108232795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 95 p 2*

[Commentary by Workers Party President Jose Dirceu: "A Calling to Power"]

[FBIS Translated Text] The 10th Workers Party [PT] national meeting — held between 18 and 20 August in Guarapari (Espirito Santo) — marked a change in the life of the party. To some extent, this meeting gave continuity to the fifth national meeting held in 1987, when for the first time the PT defined itself as an alternative for power, outlining its policy of alliances. That meeting designed the basic guidelines of our government proposals, overcoming the stage of a party-movement, assuming the condition of a political party, which coordinates the social struggle and the institutional struggle in its efforts to reach power.

The Guarapari meeting gave us legitimacy and authority to unify the party. The set of approved resolutions has clearly and impartially expressed that it is time to stop dealing with internal matters. It is high time to overcome infighting, putting in the party agenda the political and socioeconomic problems affecting Brazilian society. The PT will propose alternative proposals to those of the Fernando Henrique Cardoso government and to his economic policy. We will engage in a political contest within society with our own proposals for the tax, social security, and administrative reforms, and especially for the salary policy.

It is high time to retake the issues that led to the creation of the PT: the social issue, the struggle for the distribution of income, and the struggle against misery and social exclusion. We demand and will continue to fight for an economic policy that creates jobs and distributes the income. We do not agree that social exclusion is something natural. We reject economic models devoid of policies for fighting misery, and we cannot agree to the Community in Solidarity Program because it seeks to take over the area in which it operates, and because it is an instrument for opportunism and for dispensing favors by the pro-government majority. We will place land reform and

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educational reform on the agenda for our country. The PT contends that democracy cannot coexist with the violence of Corunbiara and with human rights violations.

This meeting has reaffirmed that our party is not only and not merely an instrument with which workers can fight for people and join the political life, although this is very important. The PT is more than that. The PT is also government. We will totally assume this side of the party. We will do it not only to make PT governments move forward, but mainly to show Brazilian society the democratic and social quality of PT administrations and their prospects for the future.

The 10th PT meeting would not have been important if it had not assumed the party calling to democracy. By reaffirming and broadening our policy of alliances, we clearly outlined our commitment to democracy to Brazilian society. The PT does not believe in a single-party system. We strive for democratic socialism. The PT believes in the alternation of parties in power, and it wants to radicalize democracy in Brazil. The PT wants to coexist with its adversaries, make alliances with others, like the PT governments did in Espirito Santo, Brasilia, Santos, Sao Vicente, and Ribeirao Preto. The PT wants to join the governments of other parties, as is already happening in Pernambuco, Florianopolis, and Barretos. The PT knows it is necessary to build social and political blocs in order to become a power alternative to the elites of Brazil.

Yet our commitment to democracy also entails a broad institutional reform with external control on the judicial branch, democratization of the media, party loyalty, direct proportional representation of states in the Chamber of Deputies, a different Senate role, and — especially — increased people's participation in public services and in state control work.

Those were the main commitments of the national meeting. However, the meeting was marked by political dispute, which showed the human side of the PT. It is a party that is not free from mistakes and deviation because it is made up of men and women who have the ability to recognize their mistakes.

For this reason, we approved an impartial resolution to open the PT to society: The party boards and the party organs in neighborhoods will also change their agenda and their political methods, opening their doors to the community. We will replace the logic of trends by the democratic functioning of party organs. We will give party members a chance to work and to say what they think, broadening the dialogue with the intellectuals, with the youths, and with our rank and file at the union and at the people's level. The PT will professionally manage its finances in order to guarantee its independence, will modernize its administration, and will improve its communications to meet the political challenges of our country.

The 10th meeting reaffirmed the PT calling to power and its commitment to social struggle and social mobilization, as a legitimate instrument with which workers can pressure for social and political changes. We call upon opposition sectors, organizations, associations, entrepreneurial sectors, and — mainly — workers, to build an alternative project for Brazil. This is how we express our opposition to the neo-liberal project of the government of Fernando Henrique Cardoso.

**Communist Party of Brazil Adopts New Socialist Model**

*PY3008220095 Sao Paulo AGENCIA ESTADO in Portuguese 2331 GMT 29 Aug 95*

[Report by Isabel Braga]

[FBIS Translated Text] Brasilia, 29 Aug (AE) — The Communist Party of Brazil (PC do B) today approved a new model of socialism for Brazil. The party, which for 73 years advocated an armed revolution and the immediate expropriation of all private property and assets in Brazil, will now support a transition process leading to the establishment of the republic of workers, that is, "one in which powers are in the hands of the people." The Socialist Program was approved during the eighth national conference of the PC do B held in Brasilia.

According to Deputy Aldo Rebelo (Sao Paulo), leader of the PC do B bloc in the Chamber of Deputies, the party militants have discussed for two years a socialist model "which goes hand in hand with Brazilian values and history." The PC do B, which had always advocated a single socialist model, lost this banner when the Berlin Wall collapsed. Rebelo said that 40 seminars were held nationwide and that the PC do B came out stronger and more united from those meetings.

Rebelo added: "Brazil needs its own model of socialism that would best suit its people." The new model envisages a transition period in which the people will have to deal both with the market and with private property. Rebelo noted, however, that "both the market and private property will have to be subordinated to the interests of society and to those of the majority of the people."

The PC do B also made progress in terms of political issues, such as accepting a multiparty system and abandoning the so-called dictatorship of the proletariat. The program also provides for freedom of religion, thus

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breaking away from the Marxist concept of materialism. "Although this topic had already been informally accepted, it has now been formally incorporated into the party's program," Rebelo said. The PC do B meeting, which lasted three days, was attended by its incumbent President Renato Rabelo; by former Deputy Joao Amazonas, who led the PC do B for many years; and by representatives of socialist countries such as Vietnam, China, Cuba, and Korea. A statement against "the neoliberal policy of the administration of Fernando Henrique Cardoso" was also approved at the meeting.

**PMDB Governors Deem Tax Reform Proposal 'Timid'**

*PY0109033295 Rio de Janeiro O GLOBO in Portuguese 23 Aug 95 p 3*

[Article by Monica Gugliano]

[FBIS Translated Text] Brasilia — The nine PMDB [Brazilian Democratic Movement Party] governors expected the proposal for a tax reform, which was announced by President Fernando Henrique Cardoso, to be more encompassing, and will, therefore, work with Congress to have the proposal modified. After holding a meeting in the morning of 22 August, the governors said that the proposal is timid. They fear that the establishment of a fund made up of 10 percent of the Industrial Products Tax will not be enough to compensate for the state governments' loss of revenue resulting from the elimination of the Goods and Services Movement Tax [ICMS] on exports. They also opposed the extension of the Social Emergency Fund [FSE] enforcement.

We have to figure all that out carefully, to learn whether we win or lose as a result of this proposal, Santa Catarina Governor Paulo Afonso said.

To make these calculations, the finance secretaries of the nine states will meet on 28 August. They will examine the proposal, which will be sent to Congress today, and suggest changes that will be proposed to the PMDB bloc at the Chamber of Deputies.

Michel Temer, PMDB leader at the Chamber, said: There is a great deal of concern over the proposal.

It is not the federal government that needs resources. The state governments are the ones who need it. We do not want the FSE enforcement to be extended. The administrative reform should have priority, Piaui Governor Mao Santa said.

In the opinion of Antonio Britto, Rio Grande do Sul governor, compared to what was expected from it, the government proposal is timid. According to Britto, the most concrete aspect of the proposal is the establishment of the fund, but he believes that it is still too early to ensure that the state governments will not lose revenue as a result of the compensation mechanism established by the fund.

Britto commented: President Cardoso said that the proposal is, politically, the only possible one. Nevertheless, we will wait for the finance secretaries' meeting to take place in order to comment about the issue.

Another concern refers to reducing the power of the state governments to grant incentives. The proposal transfers this power to the Senate, which will be responsible for establishing the ICMS rates to be levied by the state governments.

Garibaldi Alves, Rio Grande do Norte governor, said: We must have guarantees that the state governments will not lose revenue. The establishment of a federal government ICMS is worrying us because the state governments do not want to lose the power to grant incentives so as to attract investment.

## Chile

**Frei Interviewed on Reconciliation Project**

*PY3108183095 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 31 Aug 95*

[Speakers identified by caption]

[FBIS Translated Text] President Eduardo Frei categorically denied any possibility of a coup d'etat in Chile during an interview granted to Television Nacional de Chile. When asked about the Army statement that it has no information on the whereabouts of the arrested-missing, Frei said he believes everyone but insisted that an attempt to find the truth must be made.

The following are the noteworthy portions of last night's interview:

[Begin recording] [Frei] What we have experienced these past months — the tense atmosphere, the difficulties, the positive and negative issues I mentioned in my 21 May address — have proven, as I said in my recent address to the nation, that for the sake of our country's future, we must seek a true reconciliation. By submitting this package of initiatives to Congress, we are proposing to the country a path for a reconciliation.

[Alejandro Guillen] Is there preparation within the government, the civilian institutions, for possible disruption?

[Frei] I want to clearly state that there is no risk of any type of disruption. In my capacity as president of the Republic, I am certain about this, and I have

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confidence in the institutional high command. There is not, nor will there be, the possibility of an institutional disruption. The key issue is different, and the country should be aware of this. There are many stories about transition processes in the world, in different phases and under different circumstances. But I think that very few, or probably none, ended with the courts unanimously condemning the person who headed the intelligence service of an authoritarian regime. This is a fact that is probably unprecedented in the history of transition processes.

[Guillen] The opposition seems to be more receptive, but it also has its own proposal to tackle the problem of the cases of human rights violations. Their proposal is different from the one you have proposed. This will prompt negotiations. Which point are you unwilling to negotiate in the draft bill referring to the trials involving cases of violation of human rights?

[Frei] We do not accept a new amnesty law [ley de punto final], by any means.

[Guillen] This means that for you, truth will only surface through the trials?

[Frei] That's right, and that is the path we are strongly pursuing.

[Guillen] Mr. President, the Army has stated, even institutionally, that they know nothing about the arrested-missing. Do you believe the Army?

[Frei] I believe everyone. The important thing is the results. Chile needs to know about the whereabouts of those arrested-missing people, and this is the main objective of our project. The peoples' attitude will change radically once they can bury their relatives, even if it is more than 20 years later. Moreover, when we came to power there were some 130-140 people buried in lot No. 29 of the cemetery. We made a great effort, we hired equipment, to be able to solve those cases and hand the remains over to their respective families. Most of those families have buried their dead and thus completed a cycle. It should not be possible that 20 or more years later they still do not know the whereabouts of their relatives. This is why we have stated that this is a key ethical and moral issue.

[Guillen] Another important project is the Armed Forces Organization Law, which you propose to modify significantly. According to the media, the commanders in chief have already told you they do not want to amend this law. Moreover, the government believes that what it is proposing is minimal because it is probably much less than was demanded by the Coalition of Parties for Democracy two or three years ago. What do you expect to achieve in this phase, at least regarding the amendment of the Armed Forces Organization Law?

[Frei] In the first place, I would like to take advantage of this opportunity to say that since we came to power, we have enjoyed an incredibly positive and fluid relationship with the Armed Forces. We have respected their professional role, and to some extent have been making defense policy part of a nationwide project. At the same time, the Chilean Armed Forces [FACh] participate in the country's development in various forms. For example, these days we have witnessed the launching of the FACh satellite. This is something in which the FACh transcends its field of activities and goes much further, because the satellite will provide service to different sectors of the country. This is one of many initiatives. In the second place, what I want is permanent respect for the Armed Forces' professional role and career. We have always simply maintained what it established in the Constitution. The 1980 Constitution clearly states the president of the Republic's duties and obligations in this field. Therefore, what we want to do is attune the Constitution with the Organization Law that restricts these powers of the president by fully respecting the military career. This is what we want. Lastly, I believe we must eliminate fears and mistrust. Why should we believe that the president of the Republic will not have the same good criteria the commanders in chief have when making decisions regarding promotions and retirements within the Armed Forces? Let us do away with mistrust and fears.

[Guillen] Do you believe this project will be the most difficult one, and that it was even stillborn because most opposition senators and institutional senators, even those who belong to the Independent Democratic Union and the National Renewal, have said they are not going to approve it?

[Frei] I reiterate what I have always maintained. There are always skeptical people who maintain that any initiative of a great scope, any initiative that seeks nationwide well-being, will not work. If we all thought like that, we would never submit any project. As someone said a few days ago, if we send a fax we will get another in return, and there would be no debates. This makes no sense. We are going to promote all the projects, and I am certain that, as 80 percent of the people support this initiative, we are going to attain our main objective: reconciliation within our country. We are going to submit our projects to Congress and hold the debate that is appropriate in a democratic system. We are also going to ask — as we are asking all Chilean people who elected us, to debate, to contribute to the reconciliation — we are asking the politicians for a

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sense of historical responsibility, to be able to make progress along the path of reconciliation on which we have been trapped for many years. We cannot continue trapped in a past that no longer exists.

**Insulza, ROK Counterpart Sign Accord; Ties Viewed**

*PY2908163595 Madrid EFE in Spanish 2207 GMT 28 Aug 95*

[FBIS Translated Text] Santiago, 28 Aug (EFE) — Foreign Minister Jose Miguel Insulza said today that the Chilean government expects that as of 1 January 1996 the South Korean government will lift the restrictions on imports of Chilean fruits.

Minister Insulza made this comment in the Foreign Ministry after signing, with his South Korean counterpart Kong No-myong, an agreement on the elimination of diplomatic visas between the two countries.

Insulza said the South Korean and Chilean experts worked very hard in the last few months, and last week Chile responded favorably to the South Korean proposal on fruit controls.

Insulza also noted the importance of the agreement in creating a special association to strengthen the political consultations between the two countries.

Insulza also said: "Chilean relations with South Korea in the economic field are very special. We don't have any great problems pending."

Insulza added: "The answer given by the Agriculture Ministry to South Korea last week overcomes the problem of restrictions on imports of Chilean fruits. Therefore, we believe there are no important restrictions on trade with South Korea."

Pedro Lizana, president of the Industrial Development Association, Sofofa, who gave a luncheon to honor Foreign Minister Kong No-myong, said: "This economic rapprochement is the result of a long process of developing mutual respect and learning about how we do business, how we produce, and how we relate to the world."

Lizana said: "Our exports have grown and diversified, expanding from $3.8 billion in 1985 to nearly $12 billion in 1994. It is expected that Chilean exports will reach $14.55 billion this year."

He added: "Asia is now the main destination of our exports, accounting for 33 percent. This is quite a contrast to the export situation in 1980, when Asia only represented or accounted for 14.3 percent of our total exports."

The luncheon given by the Sofofa was attended by Foreign Minister Insulza, the official delegation of the South Korean foreign minister, and representatives of various Chilean productive sectors.

**Government Backs Sending IAEA Mission to Mururoa**

*PY3108182795 Santiago EL MERCURIO in Spanish 29 Aug 95 p C5*

[FBIS Translated Text] Chile favors sending International Atomic Energy Agency [IAEA] scientists to verify the results of the French nuclear tests in the South Pacific. In view of this, it has rejected a French government invitation for experts from different countries to establish an ad hoc inspection group.

Foreign Minister Jose Miguel Insulza said yesterday that the Chilean government disliked the French government proposal and considers it inappropriate.

Insulza said: "We believe it is more appropriate to request the IAEA to verify the results of the tests. If the IAEA invites Chilean scientists, we will naturally support their participation, but not if they are invited by the French government.

Insulza also reported that President Eduardo Frei is studying the response to the second letter he received from French President Jacques Chirac, in which the latter justifies his decision to resume nuclear tests at Mururoa Atoll.

He added that the possibility of adopting a more drastic position against the nuclear tests, like summoning the Chilean ambassador to France, is still pending.

Insulza said that if this is done, the Chilean government will have no problem with allowing the ambassador to go to Valparaiso to inform Congress about the French decision.

He reasserted that Chile refused to back the New Zealand motion against France before The Hague International Court of Justice because it cannot resort to the International Court on a unilateral basis, but rather through the agreement of the parties involved.

**Envoy to France To Be Recalled Once Nuclear Tests Resume**

*PY3108171595 Madrid EFE in Spanish 1528 GMT 31 Aug 95*

[FBIS Translated Text] Santiago, 31 Aug (EFE) — Chilean Foreign Minister Jose Miguel Insulza today confirmed that Jose Manuel Morales, the Chilean ambassador to Paris, will be recalled after France resumes its nuclear tests at Mururoa Atoll, in the South Pacific.

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After explaining that the Chilean ambassador does not need any further instructions, Foreign Minister Insulza said: "Yes, it is true. The ambassador has been instructed to leave for Santiago immediately after the first explosion occurs."

Chilean President Eduardo Frei has lodged a strong protest before the French government in view of the announced resumption of nuclear tests at Mururoa Atoll, approximately 2,500 km from Easter Island, which belongs to Chile, and 5,000 km from the Chilean central coast.

**Diplomatic Ties With France To Continue Despite Recall**

*PY0109025895 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 1 Sep 95*

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza, who confirmed his decision to recall the Chilean ambassador in Paris, said there was never any thought of breaking diplomatic relations with France.

[Begin recording] [Unidentified correspondent] Chilean Ambassador Jose Morales will have to travel to Chile to report to the government on the situation only after the first French nuclear test is made in the Moruroa Atoll. Minister Insulza, who said this is a normal procedure, discarded the idea that his decision is aimed at exerting pressure. He admitted, however, that studies are being made on what steps to take in face of the imminent nuclear tests.

[Insulza] As there are several tests planned, we will continue to work hard to prevent the remaining tests from being carried out.

[Reporter] Has there been any thought about breaking relations with France?

[Insulza] No, there is no reason for that. [end recording]

**Figueroa: Government To Continue Promoting Initiative**

*PY3108170195 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 31 aug 95*

[FBIS Translated Text] The government has stated that although the rightists and military have rejected President Eduardo Frei's proposal for the reconciliation and democratization of Chile, it will continue to promote it.

Interior Minister Carlos Figueroa said that the Armed Forces commanders' opposition to the amendment of the Armed Forces Organization Law represents an important reaction but noted that this will not prompt the Executive Branch to change its position.

[Begin recording] [Unidentified reporter] Minister, will the government continue to promote its proposal despite the fact that the Armed Forces commanders, National Renewal [RN] senators, designated senators, and UDI [Independent Democratic Union] legislators have expressed their opposition to it?

[Figueroa] As far as I know, the president will continue to promote his initiative because he and the government are convinced that it has a lot to do with the country's future. [end recording]

In the meantime, Sergio Onofre Jarpa appeared once again in the rightist sector. This time he appeared with RN leaders, stating that the entire party maintains a single position.

[Begin Jarpa recording] I would say that all the members of the party have not only the freedom but, up to a certain degree, the commitment to be concerned about the subjects that affect all Chileans, and we will continue along this line. [end recording]

**Military Commanders Reject Amendment of Military Law**

*PY3008170795 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 30 Aug 95*

[FBIS Translated Text] Yesterday Defense Minister Edmundo Perez Yoma heard the Armed Forces commanders' opinion on one of the topics of President Eduardo Frei's initiative regarding the search for national reconciliation. Minister Perez Yoma informed President Frei about the meeting.

The commanders of the three national defense branches met with Minister Perez Yoma in his office in the Diego Portales building. Concretely, the government wanted to hear what Army Commander General Augusto Pinochet, Navy Commander Admiral Jorge Martinez, and Air Force Commander General Fernando Rojas had to say about the proposed amendment of the Armed Forces Organization Law. This initiative restores the president of the Republic's power to remove generals and admirals. This is one of the most sensitive issues of the president's proposals. President Patricio Aylwin's administration also tried to amend this topic unsuccessfully. As in the past, the Armed Forces voiced their opposition to the proposal.

At the end of the meeting, which lasted approximately two hours, Minister Perez Yoma went to La Moneda Palace to give President Frei details of the talks.

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Unofficial sources have stated that during the meeting with Minister Perez Yoma, the commanders in chief of the Armed Forces allegedly reiterated their opposition to the amendment of the Armed Forces Organization Law. However, the commanders and government authorities will allegedly continue talks on the issue.

**Satellite Launch in Russia Termed 'Great Success'**

*PY3108155495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 31 Aug 95*

[FBIS Translated Excerpt] After two aborted attempts, the first Chilean satellite, the FASat-Alfa, was finally launched into space at dawn today.

In Chile the launching operation was considered a great success.

The two aborted attempts to place the FASat-Alfa into orbit did not dampen the enthusiasm. Members of the Air Force [FACh] high command started to arrive early at the Cerrillos base to watch the third attempt to place the first Chilean satellite into orbit.

Reporter Bernando de la Masa kept all those gathered in Cerrillos closely informed about what was happening at the Russian cosmodrome Plesetsk.

Finally, at 0249 the Tsiklon rocket was launched. [recorded passage omitted] In less than two minutes, the rocket reached an altitude of 45,000 meters, and spontaneous applause broke out at Cerrillos, where where those present raised toasts and FACh Commander General Fernando Rojas congratulated the team of engineers who worked on the project in Chile.

[Begin Rojas recording] Gentlemen, we have joined the space era. This represents a great step forward for the FACh and Chile, and the beginning of our venture into space, to be followed by many other projects. [passage omitted] [end recording]

[Passage omitted] In a few minutes, the FASat-Alfa will pass over Chile, and at that time it will be activated from Cerrillos.

**Commentator Views Challenges in Joining NAFTA**

*PY2908223395 Santiago HOY in Spanish 27 Aug 95 p 37*

[Commentary by Ricardo Matte, author and director of the "Freedom and Development" economic program: "NAFTA: An Opportunity and a Challenge"]

[FBIS Translated Text] For Chile, a potential free trade agreement with NAFTA, in addition to the possibility of attaining a level of economic stability closer to that prevailing in developed countries, should result today into a powerful thrust to strengthen and to consolidate the processes of integration with the world and of free market reforms in the country. Without this, the possible net profits and the economy's competitive capacity in this more integrated market could be seriously jeopardized.

Chile's access to NAFTA, if materialized, will surely place the country on a more demanding level of competence, but it could also open up an interesting set of opportunities which could benefit us. Thus, a great challenge to enhance our efficiency and competitiveness of the Chilean economy can be found just around the corner. But the viability of fully taking advantage of this opportunity will especially require the government's long-term vision and leadership on this front.

This particular challenge emerges at a crucial moment for the state of the Chilean economy. This is so because since the beginning of the 1990's Chile has not continued with the profound process of free market reforms and opening to the world which has turned it into an unquestionable leader of the region in recent decades. On the contrary, over the past few years the government has increased taxes, has expanded its expenditures at very high rates, tightened the labor laws, postponed additional unilateral tariff reductions, established taxes on the entry of capital, stopped the internationalization of the financial area, increased its regulatory role in the economy — in addition to not having modernized its bureaucratic structures — and enabled only timid progress toward a greater private participation in the provision of public and social infrastructure.

As a logical result of these erroneous tendencies, the competitive advantage of the Chilean economy has been weakened, and this despite the outstanding effort to increase productivity and the efficiency of the private sector. Consequently, if to this effort of the private sector is added a government which could quickly rectify its current course, agreements such as NAFTA could definitely help guarantee a more prominent and stable path of economic growth for decades ahead. What was said above is true provided that NAFTA will not end up imposing labor and environmental conditions that could negatively affect free trade, conditions that could represent a clear step backwards for economic development.

Moreover, prospects to join NAFTA has given Chile a good opportunity to decisively and promptly face some of its structural weaknesses which are more urgent today in relation to integration, as they should be, to keep liberalizing trade unilaterally, to develop

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the convertibility of the capital account, and to make opening more feasible to the foreign financial sector.

Chile must not keep postponing an additional reduction of tariffs, let us say to some seven percent for the first immediate stage which, in addition to allowing the strengthening of a successful strategy of opening to the world, which began by the mid 1970's, will minimize the potential costs in terms of trade deviation that could result from the entry into NAFTA. Besides, and to be more effective in this aim, Chile must also continue negotiating free trade agreements with most of its main trade partners.

Moreover, Chile's potential entry into NAFTA without having an open capital account and a financial sector which is prevented from investing abroad, in addition to being contradictory both concerning the objectives of NAFTA and the goal of transforming Chile into the main financial center of the region, can end up seriously restricting the competitiveness of Chilean companies.

In sum, in order for the government to take full advantage of the favorable prospects Chile's access to NAFTA could offer in terms of jobs and economic opportunities for the country, this would require a quick and decisive change of course in its action concerning trade and financial integration with the world. It will also require a radical change in the assessment of the role the private sector plays in contributing to economic development. Otherwise, it will be impossible to maximize the prosperity and well-being of the country's population should we persist in conducting a strategy of integration and structural reforms which are not in keeping with the current challenges of competitiveness demanded by an increasingly globalized world.

## Colombia

### Brazilian Daily Interviews Samper

*PY0109003595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Aug 95 p 7*

["Exclusive" interview with President Ernesto Samper by special correspondent Marlise Ilhesca at Palacio Narinho in Bogota; date not given]

[FBIS Translated Text] [Ilhesca] What do you have to say, Mr. President, about charges that you have supposedly received money from the Cali Cartel to campaign for the presidency?

[Samper] Those charges are totally unsubstantiated. The fact that I am now putting kingpins from the Cali Cartel behind bars proves that there was no arrangement at all during the election campaign. Still, if some money indeed happened to have infiltrated in my election campaign, reality proves that in no way did that money compromise the political will to combat the Cali Cartel. I am convinced that the two events are linked, i.e. the response by the cartel, or by some of its members when they were captured, was meant to help provoke this crisis as a sort of vengeance.

[Ilhesca] Over the last few weeks, some important allies jumped off the government's boat lest there should be a shipwreck. Do you feel, Mr. President, that people are giving you up?

[Samper] There are indeed some adversaries in some sectors, but what keeps me battling on is the obvious solidarity of the Colombian people. Over the last 12 months, despite all the crises I have faced on account of the same subject, most of the people have stood by me. This is demonstrated by the results of all public opinion polls. As long as I enjoy such a high degree of credibility I remain calm. I can assure you that I am not robbed of my sleep because I have a clear conscience.

[Ilhesca] If, as surveys show, there is no commotion in the streets, where is the exasperation vented by the press at home and abroad to be found?

[Samper] The press pick that up at cocktail parties. The Colombian people are not taken aback by crises. Otherwise, they would have finished us off. This is a country that has to withstand several crises every minute.

[Ilhesca] And yet, how much longer do you think the Colombian people will be able to live in this climate of never-ending probes into the honor and future of the head of state?

[Samper] There are two processes going on, a political and a judicial one. I hope that legal proceedings will soon end so that public opinion will calm down, even though the public already has a perfect idea of the president's behavior. This is what encourages me, even in the face of political opponents.

[Ilhesca] Do you not fear, Mr. President, that that opinion may start to change following the arrest order of former Defense Minister Fernando Botero, who was your campaign manager?

[Samper] Former Minister Botero has behaved in a most honorable manner by resigning his portfolio so as to face charges as a normal citizen. As he himself has pointed out, he is more interested than anybody else in continuing with this action until the bitter end so as to get to the bottom of this issue.

[Ilhesca] You have recently declared that you felt you were the victim of a conjunction of hatred. Who could hate you so much as to spark a political crisis of such a magnitude as the one confronting Colombia at present?

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[Samper] Many are of the opinion that there is a conspiracy. I do not give credence to that, but I do believe that there is hatred. To begin with, the hatred drug traffickers feel toward me. Then hatred felt by my political adversaries, and last but not least, hatred individuals feel for me, something that invariably happens. This hatred felt by these three different groups converged into this episode, something which explains to a certain extent why the crisis reached such dimensions. Still, I believe that we are about to overcome this crisis.

[Ilhesca] What is your relationship with former President Cesar Gaviria, as his party in Congress, Alliance for Colombia — the same one that supports your administration — accuses the former president of raising suspicion against you in Washington, D.C.?

[Samper] President Gaviria has been unjustly accused of having participated in an alleged conspiracy. I have no evidence whatsoever to support the claim that he was behind this episode.

[Ilhesca] How do you feel when the international press equates you with presidents who were impeached from office such as Collor de Mello in Brazil and Carlos Andres Perez in Venezuela?

[Samper] Circumstances are never the same from one country to another and I find it unfair to establish standard rules for all of them. What we do have in common in Latin America is that we are all committed to fighting both corruption and the lack of transparency.

[Ilhesca] What do you think of the allegation that the United States is behind the Colombian crisis, given the U.S. interest in reinstituting extraditions of convicted drug traffickers to that country?

[Samper] Extradition is not on the government's agenda. We suffered terribly in this country when extraditions were allowed. There were many deaths, many bombs, and much destruction. My administration is committed to improving the prison and justice systems. No country can relinquish the sovereign power to try its own citizens with its own laws and guarantees.

[Ilhesca] Yet, is there a possibility of anyone trying to promote another discussion of the issue from the outside?

[Samper] No, as long as we can prove that we are capable of capturing criminals, and of trying and convicting them.

[Ilhesca] The Colombian press has time and again claimed that you are being forced to make concessions to the right to secure the necessary support to weather this political crisis. Is there a risk of your administration moving to the right?

[Samper] According to the Constitution, the Colombian president must maintain order and secure peace. I am working with a view to achieving these two goals. In the meantime, I should recognize that during the first year of my administration I have not received a clear gesture toward peace from the armed rebel groups. Our recent statement did not entail formulating a policy of total war, but laying down new strategies against armed subversion.

[Ilhesca] Yet, security issues aside, could you be forced to abandon the social democratic ideas that brought you to office? You are being pressured by certain business groups.

[Samper] I recognize that there is an atmosphere conducive to moving to the right in Colombia. This is true not only among businessmen, but also among ordinary people who are tired of common criminals, of unsafe streets, of suffering threats every day. If taking firm measures to attend to these demands means moving to the right, then I would have to accept that there is an atmosphere of moving to the right in Colombia.

[Ilhesca] How is the crisis affecting your administration?

[Samper] The crisis is having little impact on the administration. I remain on top of all of the issues. Not a single program has been paralyzed. Cabinet ministers are working normally. The economy has had an outstanding behavior at this juncture.

[Ilhesca] Don't you think that the accusations raised against your administration will inevitably bring consequences, at least on your foreign policy? Don't you think that Colombia's image has been affected?

[Samper] Those accusations will obviously affect our foreign image. Yet, this is not new. Suffering accusations has practically been our historical fate in the past 10 or 15 years. Our image seems to be riding on a roller coaster. Our image rides high during positive moments, but these are followed by some event that causes it to slide down again. Nevertheless, I have remained in permanent contact with all of the presidents. Next week, I will be attending the Rio Group summit in Quito, where I will have the chance to meet with some presidents. With the exception of Brazilian President Fernando Henrique Cardoso, who canceled his visit to Colombia for domestic reasons, Colombia's international agenda has not been changed.

[Ilhesca] Which course of action should be taken to put an end to narcotrafficking coexisting with various sectors of Colombian society?

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[Samper] In the first place, we have to stop fighting over what happened earlier. We should stop treating each other as Satans, or crucifying each other. We must stop this sort of moral cannibalism which is trying to see who is destroying who. What we must do is work toward building a new society in a process which is already under way in terms of the sharp blows we have dealt to the drug trade, as was the case of the Cali Cartel, the eradication of crops, and of putting ports used for shipping drugs under military control. This is the beginning of the end of the problem.

[Ilhesca] Do you find it necessary to completely break away from a political system built on questionable foundations?

[Samper] A political institutional revolution is already under way here through a reform encompassing political parties and Congress. The objective is to stop the degradation of the Colombian political institutions. A policy must be implemented through the appropriate channels. Unconventional policies would not work here. A policy that is detrimental to politics would be disastrous. I am convinced that the great revolution we should promote goes beyond all this. We must launch a revolution against poverty. Most of the problems I am confronting stemmed from my decision to replace an extremely cruel neoliberal system with one promoting social justice. I am working toward building an alternative development model, which would not only be in the best interests of Colombia, but also in that of all Latin America. This is a true revolution; it means abandoning the evils of the past by replacing them with a model that would place man at the center of our priorities for development.

[Ilhesca] Colombia is not the only Latin American country that is experiencing an institutional crisis. Chile and Mexico are experiencing it too. How do you explain these simultaneous crises?

[Samper] Each country is confronting its instutional system with its social reality. In Colombia, social reality is closely linked to narcotrafficking. This accounts for our crisis. In Chile, there is a confrontation over human rights; and in Mexico, over poverty. Each country is paying for its social problems, but the ultimate cause is the same. Major decisions have always been imposed on us. When we had hardly completed the process that would have made us exporting countries, we were forced to deregulate imports. When we had not yet overcome the foreign debt issue, we were forced to pay a social debt. The problem of Latin America is comparable to that affecting teenagers.

[Ilhesca] Has Washington interfered with this crisis?

[Samper] In this particular crisis, it has remained quite neutral. Washington is regarding this as a domestic issue. I believe that, as a pragmatic country, the United States is viewing the events in Colombia as clearly showing what is our reality here. In two months, without firing a shot or sacrificing the life of any innocent people, we have dismantled the world's main criminal organization. This achievement has an undisputable value, even in Washington.

[Ilhesca] Do you believe you could guarantee the country's governability?

[Samper] I can assure you that governability has been affected only in the minds of some of my adversaries. The Armed Forces are working with the government; the economy is functioning at full steam; and there are harmonious relations between the executive branch and the Congress. However, although I am convinced that the storm is behind us, we still should exercise caution at this time.

[Ilhesca] Isn't there a risk of a military crisis?

[Samper] Absolutely not. There are no military institutions as civic-oriented and professional as the Colombian Armed Forces. In 150 years of republican history, we have had only four years of military rule, which was instituted at the request of civilians.

[Ilhesca] Are you going to finish your term?

[Samper] You may write that and I will sign it.

**President Samper To Testify at Accusations Committee**

*PA3108135095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Aug 95*

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper will have to go personally to the Accusations Committee of the Chamber of Representatives to testify, as part of the investigation on the origins of the funds of his campaign.

[Begin recording] [Representative Heyne Mogollon, identified by caption] He will testify here at the Accusations Committee.

[Unidentified reporter] Why here at the Accusations Committee?

[Mogollon] Because I believe that this is how we can avoid suspicions. [end recording]

In addition to confirming the appearance of the chief of state to make a deposition, Representative Mogollon on 30 August also met with one of the president's

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friends, lawyer Julio Andres Camacho, who made a deposition on the origins of the presidential campaign funds. Camacho's depositions remain a secret.

**Minister Warns Criminals; Samper Comments on Investigation**

*PA3108042295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 Aug 95*

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] During his formal meeting with his troops, Defense Minister Juan Carlos Esguerra firmly talked to them. President Ernesto Samper, who attended the ceremony, took advantage of the opportunity to talk about the Accusations Commission that is investigating him:

[Begin Samper recording] Dr. Esguerra, this is your post. [end recording]

In order to reinstate public order in the country, which is his main task, Minister Esguerra introduced himself to the troops for the first time. Without warning, he rapped their ears for the scant results they have achieved and warned criminals they must be careful:

[Begin Esguerra recording] As robbers, paid assassins, kidnappers, rapists, and thieves hit the streets and countryside, they will have the heavy sword of Damocles of prison hanging above them. They will not succeed. We will not stop fighting against drug trafficking. We will continue while there is a stone of that crime still standing. [end recording]

Meanwhile, in referring to the likely subpoena the Accusations Commission investigating him will issue within the next few days for irregularities committed in his campaign, President Samper said he hopes the time will arrive soon to explain, once and for all, his situation:

[Begin Samper recording] I am willing to subject myself to the terms and conditions that, according to the rules of Congress and according to the Commission, are most appropriate for me to testify. [end recording].

**Samper on Extradition of Cartel Leaders**

*PA3008203595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 30 Aug 95*

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] In a speech given during the opening of a police congress, President Ernesto Samper said today that Colombia should not provide any room for radical sectors to demand the reinstatement of extradition. This was a tacit reference to the Prosecutor General's Office.

[Begin President Samper recording] The Colombian Government knows well that the apprehension of cartel leaders is not enough. We must now begin to try them, and this must be done speedily and efficiently. We should not provide any room so that in a few months the supporters of radical formulas can begin to demand the reinstatement of extradition because no action has been taken and the cases are at a standstill. [end recording]

## Ecuador

**Congress Approves Proceedings To Impeach Vice President**

*PY0109031695 Madrid EFE in Spanish 0237 GMT 1 Sep 95*

[FBIS Translated Excerpt] Quito, 31 Aug (EFE) — The Ecuadoran Congress decided today to start proceedings for the impeachment of Vice President Alberto Dahik, who is also facing criminal charges for alleged irregular handling of discretionary funds from the Vice Presidency.

Once the result of the voting was proclaimed, Congress President Fabian Alarcon ordered the Congressional Secretariat to begin "legal and constitutional procedures for the proposed impeachment of the vice president of the Republic."

Of a total of 62 deputies who today attended a regular session of the congressional plenum, 50 voted for Dahik's impeachment. [passage omitted]

Shortly before the voting session in Congress, Alarcon said that "if the legal steps and procedures are followed normally, the vice president could be attending the public session for his impeachment in approximately 30 days."

**Defense Minister Categorically Denies Coup Rumors**

*PY3108220895 Madrid EFE in Spanish 1907 GMT 31 Aug 95*

[FBIS Translated Text] Quito, 31 Aug (EFE) — Ecuadoran Defense Minister Alfonso Alarcon today categorically denied rumors circulating among different local political groups about the possibility of a coup.

Alarcon said: "I absolutely deny all rumors about a coup d'etat. The military high command is strongly united and any attempt to disrupt democracy must be categorically rejected."

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Rumors about a coup d'etat started to circulate in Ecuador in view of a series of corruption charges raised against Vice President Alberto Dahik, whose eventual removal from office is still to be decided.

Dahik is facing penal charges raised against him by the Supreme Court for alleged misappropriation of funds and he may eventually be subjected to a congressional impeachment process for alleged bribery charges.

Last month, Dahik admitted that legislation in favor of several legislators who had "blackmailed" the executive branch had been approved. Later, it was reported that Dahik had access to reserved government funds through current accounts in a private bank issued in the name of two of his secretaries.

Speaking about the corruption scandals in his country, which originated the coup rumors, Alarcon said: "We are, of course, worried about corruption charges," but he added, "we hope the truth is established so that we can dispel all existing rumors. I hope we can establish the truth and leave aside personal political interests."

After urging Ecuadorans "to keep calm" in view of the series of corruption scandals that have unleashed the worst institutional crisis in the history of the Ecuadoran Government, Alarcon said: "Our democracy is strong. We must trust all government efforts."

**Larreategui: Government Will Not Benefit From Plebiscite**

*PY3108191195 Quito Voz de los Andes in Spanish 1700 GMT 31 Aug 95*

[FBIS Translated Text] Carlos Larreategui, public administration secretary general, asserted that nothing decided through the plebiscite will benefit the current administration, but rather subsequent governments and their respective institutions.

After acknowledging the tense political atmosphere prevailing in Ecuador, Larreategui asserted that the call for a new plebiscite for 26 November is not relevant to the current situation; therefore, it cannot be based on present circumstances.

He voiced his optimism over the peoples' response to the plebiscite despite the fact that Ecuador has begun an electoral process, and warned that the plebiscite will not have a political nature, like the one held in 1986.

**Regime's Political Accomplishments Analyzed**

*95SM0482A Quito EL COMERCIO in Spanish 10 Aug 95 p A6*

[Article: "What Good Intentions!"]

[FBIS Translated Text] For the past 15 years the Constitution, the political system, and the manner in which democracy is practiced have been questioned.

There are practices which seem to have placed the country in the middle of a complex labyrinth: the relationships between political leaders and followers, negotiations, and the lack of popular participation. All of these limit the democratic exercise of the vote by the majority of the people.

Xavier Lasso, author of numerous articles, stated in a recent issue of the magazine DINERS: "Haven't the candidates, among whom we must choose every four years, been the same for a very long time? Are they not, rather, the representatives of powerful, economic interests? This is what makes our beloved democracy go around and around like a ferris wheel, giving us the feeling that with every turn we sink a little bit further."

Is this the product of the legal system or of the politicians? Is the Constitution responsible for these evils? Is the Constitution a "legal monstrosity," as Carlos Julio Arosemena said?

The fact is that over the past 15 years there have been changes which should have been made. Accommodations which have to emerge from beliefs, from experience, and from the good and bad times which this system has gone through.

The government proposed it. And that is one of its assets. It favored political reform. However, the road to hell is still paved with good intentions. How far have we gone with this program of political reforms? What has changed? Since the last elections has enough legislation been approved to clear up, at least in part, the weaknesses of democracy?

At first view, the answer is, "No." Therefore, on 19 November the people of Ecuador will vote in another election.

Furthermore, that positive aspect of the policy of the administration of President Duran-Ballen has come up against a major limit: the form and the substance of the administration's message did not call on society and politicians in general to achieve that objective.

In February 1994 the idea of a referendum was raised. Even though its substance had still not taken concrete form, Carlos Vera, one of the former ministers and strong men of the regime, criticized it as being a

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"trial balloon" launched by Vice President Dahik. This difference of view with the vice president made Vera's departure from the government inevitable.

On 3 March President Sixto Duran-Ballen announced the referendum officially and took action to have it held at the same time as the elections in May.

And from that time onward the confusion began. Some people called the referendum essential, while others called it untimely and unconstitutional.

Those who considered it unconstitutional stated that the president was approaching the question of the substance of the referendum as if it were an event of major importance (as the Constitution provides). In reality, the questions merely implied the enactment of constitutional reforms.

After three attempts the first referendum was held in August, using questions which had been changed on three occasions.

In addition to all of those questions, there was an additional factor: the handling of information provided on the referendum was not very clear. A strategy for communications and negotiations was missing. The government, the president, and the vice president never explained—even in sketchy form—all of the problems of governance with which they were confronted. It is only now, in view of the corruption scandals which they have to deal with, that these problems are becoming clear.

Despite everything, we had a successful referendum. The Ecuadoran people spoke up in favor of the changes which the government was proposing, although criticism was voiced that the majority of the questions did not go far enough.

And this was the point at which the crisis facing the government began to take shape. That is history now. The committee which elected the president issued its proposal and sent it to Congress. There were other proposals, but they were not taken into account, despite the promise of Heinz Moeller, the president of the committee.

In Congress the questions to be raised in the referendum were approved, and the project began to get under way.

Well, what is left of all this coming and going?

A half completed political reform remains. There is the damage done to the government, which started this project and which still cannot show the results. All of this happened because the government handled it alone, without involving the Ecuadoran people—groups, political parties, and associations—and bringing them into the processes of change.

**The Law Is Not Everything**

After all, the words of Monsignor Larrea Holguin, one of the members of the committee which prepared the proposal, continue to be true. He was recently asked about what has happened in terms of the political reforms.

According to what he said, public opinion, which asked for these reforms so insistently, "has had too many illusions about the real influence of the texts of laws on the concrete life of society."

Furthermore, he stated that most attention should be given to organic laws, above all those dealing with the functions and powers of government. He said: "Nevertheless, it took many years for Congress to formulate a law on its own powers. And the organic law on the judicial branch of the government is not completely up to date, in accordance with the most recently approved provisions of the Constitution."

He concluded: "Frequently in Ecuador political movements led by powerful leaders or political parties have pretended to carry out a real 'revolution' by making constitutional changes." He said: "We see how little they mean in the majority of cases."

**One Way Changes**

Beyond the problems which have been caused and the manner in which they have been raised, both for Congress as well as for the executive branch of the government, and at the root of the question of constitutional reforms, there remains a question regarding their substance.

What happened to the changes which were proposed? The government has invested "its time and money" in making the changes. However, in reality, how far do they go?

After a year of this coming and going, the changes proposed seem to have come to very little. Or, at least, they have not been given a substance proportionate to all of the effort made in favor of the reforms.

Thus, for example, concerning the executive branch of the government, in addition to reelection of the president, which was introduced at the time of the referendum, the rest of the changes have remained a mere proposal. One of the essential aspects was that of the role of the president. And to deal with this, it was proposed to establish the position of prime minister.

In this way it was hoped to give greater stability to the president. It was also proposed, in the event of a very major institutional crisis, to turn the presidency into a safety fuse, a kind of lightning rod. That point

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was not affected by any of the reforms. And in the case of Vice President Alberto Dahik the president was on the point of weakening his position to defend his deputy, without any further argument. This was an error which was avoided just in time.

The same thing happened with the legislative branch of the government. A plenary session of Congress will have a larger number of deputies in attendance, and the political blocs will be represented proportionately.

The number of deputies required to be in attendance at a plenary session will be increased. However, the manner of election of candidates—the type of electoral district—and the increased number of political parties are subjects which have not been addressed.

The same thing has also happened with the control organizations, or the political parties, among other things. Not to mention that the most important reforms remain to be completed: the powers of the judicial branch of the government, the establishment of trade unions in the public service, and social security.

That is, after so much discussion the government has made some changes, but there has been no revolution in the political system. The foundations of the government and, ultimately, its defects, remain intact. Despite the political will which the government says that it has, the weakest side of the regime has been uncovered here: political management. Is this the fault of a government minister who handles liaison between Congress, the government, and social elements engaged in political activity?

In any case, the government did not make use of all of the advantages on its side. As distinguished from what happened in other countries (in Colombia, for example), the Ecuadoran Government sought to carry out constitutional changes by moving in only one direction: its own. There was no consensus in Congress nor with the various social forces. And the government did not try to find in society and among its representatives the catapult which would launch these reforms, wait for them, and help them.

**What Happened?**

The initiative on political reform is one of the assets of the government. Nevertheless, this initiative has worn it out, since no adequate policy has been developed for public discussion of political reform. Nor was it proposed as a general, political program. So this reform had no massive support. It did not become a national objective.

**The Next Time**

A call for a second referendum can be interpreted in two ways. On the one hand it could mean that the government has a real will to carry out a process of change. However, on the other hand, it could mean that it has made a very great, political error, since it seemed unable to work to the very end with deputies of the different blocs in Congress.

**Still To Come**

1. Holding the referendum. The government has agreed that it will be held on 19 November. The subjects to be dealt with remain to be defined. How to pay for the process remains to be determined.

2. The third package of reforms has still not been dealt with entirely by Congress. Still pending are controversial reforms.

3. The second package of reforms has still not been published in the REGISTRO OFICIAL [Official Gazette]. This package has already been dealt with by Congress. Nevertheless, for its definitive entry into effect it will be necessary for some transitional provisions of the third package to be approved.

4. The approval or rejection by the president of the law on elections. This is fundamentally necessary to arrange for the election of independent candidates.

5. The law on decentralization. Although the reforms make reference to these changes by name, a draft law is needed to deal with the matter.

6. After the second referendum and as a function of its questions, Congress will have to approve some of the results obtained. Other changes will enter into effect automatically.

## Peru

**Gold Deposits Discovered on Border With Ecuador**

*PY3008222095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2019 GMT 29 Aug 95*

[FBIS Translated Text] Lima, 29 Aug (AFP-NA) — It was reported in Lima today that geological work conducted two years ago established the existence of gold deposits of no less than four million ounces and about 400 million metric tons on the Peruvian side of the Condor Mountain range, on the border with Ecuador.

The exploration work was conducted by the Peruvian company Metales y Finanazas (Metalfin) in 1993. In view of this, Metalfin was awarded the concession of 203,000 hectares extending over 200 km between

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Tiwinza and PV-1 [Watch Post], which this year were sites of an undeclared war with Ecuador.

Metalfin spokesmen, who confirmed this report to AFP, stated that as a result of a rudimentary exploration the company identified seven mineral deposits in their concession requests. They added that the majority of these deposits are located along the 200-km border along the Condor Mountain range.

An engineer who took part in the project said that it had to be halted during the war and that PV-1 and Tiwinza are within the demilitarized zone which was recently approved within the framework of the peace process with Ecuador.

Metalfin, which exploits other deposits in different parts of the country, is hoping to sign a logistics services contract with the Peruvian Army to complete the exploration work by conducting modern geophysic and soil tests.

When the war erupted, Metalfin was negotiating its partnership with foreign companies to conduct exploitation at an estimated cost of no less than $40 million.

Small-scale gold exploitation on the Peruvian side of the Condor Mountain range is currently carried out in the lower Cenepa, Comaina, Santiago, Cangaza, and Ayambia Rivers, all of which — at least the first two — were part of the 1981 and 1995 armed confrontations.

It was noted that according to mining laws, Metalfin is obliged to pay about $400,000 per month in order to retain its concession rights over the awarded hectares, but it cannot begin operating there.

Metalfin believes that the development of a large-scale mining pole will place Peru at an advantage to defend its territory through the establishment of so-called "border settlements." It was stated that "technically speaking, a deposit of 1 million ounces is quite attractive and it would ensure exploitation of up to 20 years."

Metalfin also reported the presence of forestry resources, small-scale farming, and a variety of fauna throughout the entire Amazon region."

Enerminas, a magazine specialized in mining energy activities, reported that on the other side of the Condor Mountain range, in Ecuadoran territory, the Ecuadoran Army Industry Directorate and a subsidiary of the Canadian TVX Gold Company are conducting significant gold exploitation activities.

The information provided to AFP states that Metalfin had also contacted TVX Gold to jointly exploit Peruvian deposits but in view of the war, Peruvian officials did not allow the experts to travel to the area.

### Legislator: Camet Must Report on Foreign Debt Purchase

*PY3008183395 Lima LA REPUBLICA in Spanish 11 Aug 95 p 5*

[FBIS Translated Text] According to Legislator Fernando Olivera, Economy Minister Jorge Camet Dickman will soon have to respond to rumors currently circulating about the purchase of Peruvian foreign debt papers totaling more than $1 billion.

According to reports that were not denied, the Peruvian Government has reportedly ordered the Swiss Bank to purchase up to $1.5 billion of the foreign debt.

New York banking sources have reported that the foreign debt papers were allegedly bought at $0.42 and $0.57 per bond.

The funds that were reportedly used for the repurchasing of the debt allegedly derived from the privatization of public companies. At present, these funds total more than $3 billion.

The Peruvian Government has kept absolutely quiet about the operation. Only President Fujimori, Economy Minister Camet, and his advisers, Roberto Abusada and Jorge Peschiera, among others, are familiar with the details of this transaction.

Olivera said yesterday that Economy Minsiter Camet must report in writing about this unusual operation, which has taken Peruvian foreign debt creditors by surprise.

According to New York banking sources that reported on the operation, the purchase of the foreign debt papers allegedly took place at the end of 1994.

Fernando Olivera, a FIM [Independent Moralization Front] legislator, said that Camet must explain about the advantages of the financial transaction at a time when there are no funds to reactivate agriculture and industry.

Olivera wondered whether it would have been better to allot these funds to promote the reactivation of the economy or to needy national sectors instead of favoring foreign banks.

## Uruguay

### Seregni Sees 'Internal Crisis' Facing Leftist Coalition

*PY3108181995 Buenos Aires TELAM in Spanish 1902 GMT 29 Aug 95*

[FBIS Translated Excerpt] Montevideo, 29 Aug (TELAM-SNI) — General Liber Seregni, retired, the historical leader of the Broad Front (FA) — a coalition

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comprising Communists, Socialists, and Tupamaros — charged today that his party is in the throes of an internal crisis.

"We cannot go on like this," he pointed out in a letter addressed to the FA Executive Committee severely criticizing infighting within the leftist coalition.

Seregni, 77, asked for a leave of absence due to viral hepatitis, which has confined him to bed. He took advantage of this occasion to send a letter to the FA Executive Committee criticizing the situation of the leftist coalition.

Seregni called upon the executive committee to "tackle" the discussion of internal and tactical differences "now, without wasting any more time" so that we can strengthen our political party and prevent it from ending up being a conglomeration of factions and tendencies."

Seregni underscored: "We have lost presence and clout on the domestic front. We have lost initiative. Our decisions have been untimely. There has been no party discipline when voting at national or departmental level."

He went on to say that "we have lacked precision in our definitions in an erroneous attempt at contemplating all points of view. These definitions, therefore, allowed for many possible interpretations, which in turn brought about confusion within our ranks and weakness in terms of our public image." [passage omitted]

**Deputies Protest Nuclear Power Plant Project**

*PY0109030795 Montevideo EL OBSERVADOR in Spanish 24 Aug 95 p 29*

[FBIS Translated Text] New Sector Coalition Deputy Gabriel Courtoise and Down to Work [faction of Blanco Party] Deputy Fernando Saralegui are concerned over the possible reinstatement of a nuclear power plant project and are planning to work on this issue to gain all information available, the New Sector Coalition deputy has told EL OBSERVADOR.

Courtoise understands that the agreement with Chile, which has now resurfaced, reinstates a nuclear agreement that was achieved during the de facto regime period. He said Saralegui would probably gather data from the Foreign Ministry and subsequently two inquiries would probably be sent to the Housing and Environment Ministry and the Industry, Energy, and Mining Ministry.

Courtoise added that he plans to again raise a proposal to declare Uruguay a non-nuclear zone, with the goal of establishing a domestic legal framework on this issue. Nevertheless, Courtoise noted: "It is also necessary to establish a regional legal framework." He emphasized that the Argentine nuclear power plant of Atucha poses pollution risks and problems.

Courtoise emphasized his concern and noted that it is essential "to be acquainted with the issue involved" to subsequently conduct the indispensable talks on nonconventional sources of energy.

## Venezuela

**Caldera Comments on Strategic Associations**

*PA0109001295 Caracas Venezolana de Television Network in Spanish 0200 GMT 31 Aug 95*

[Report by Pedro Prado; from "The News" newscast]

[FBIS Translated Text] President Rafael Caldera has said that strategic associations offer foreign investors legal security without risks. He made this statement during the ceremony commemorating the 20th anniversary of Venezuelan Petroleum, Inc. [PDVSA].

In summarizing the history of the most important industry in the country, President Caldera noted that Venezuela has set an example to the world, showing that we know how to manage and make innovations and that is the reason why the associations are an asset for the country before the world.

[Begin Caldera recording] At present, we have the task of offering all investors worldwide the possibility of cooperating by means of strategic associations [words indistinct] we do not risk anything because our sovereignty is guaranteed by our technical capacity, real commitment, and the current circumstances in the country that give those associations a safe path of legal, economic, and all kinds of securities. At the same time, we are strengthening, defending, and protecting our national sovereignty. [end recording].

PDVSA President Luis Giusti believes the strategic associations cannot remain solely the way they were approved by Congress. It is necessary to look ahead during these difficult times.

[Begin Giusti recording] A total of 88 companies have said they are interested. At the moment, a process of preselection, which takes approximately one month is taking place in order to find out what each of these companies is capable of doing. Therefore, on 22 September it will be possible to announce the final list of companies selected. Then, the companies will be able to get the information packages. A period of 120 days will be given to prepare and present bids. [end recording]

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Finally, President Caldera said PDVSA's success lies in the fact that it is managed by people from the private sector, who are young and competent.

**Caldera: Opening of Oil Industry Not Affecting Sovereignty**

*PA0109041695 Caracas Venezolana de Television Network in Spanish 1550 GMT 31 Aug 95*

[From "The News" newscast]

[FBIS Translated Text] The opening of the oil industry is not affecting our sovereignty, because the commitment and technical capacity of these strategic associations provide legal security and strengthen the country's defenses, the president has said during the celebration of the 20th anniversary of Venezuelan Petroleum Inc.

President Rafael Caldera added that these associations have set an example for the rest of the world, because they are real facts and not just words spoken in the wind. Caldera has also said the petroleum industry is still the pillar of our economy, notwithstanding the contribution of the Venezuelan people through the tax reforms:

[Begin Caldera recording] We are undertaking the important task of offering investors throughout the world the possibility of cooperating through strategic associations. [Words indistinct] in which we are not running any risk, because our sovereignty is guaranteed by technical capacity and real commitments because of the country's situation, which is providing these associations three safe paths: legal, economic, and [words indistinct] security, [words indistinct] establishing, defending, and ensuring Venezuela's sovereignty. [end recording]

**Economic Crisis Affects Science, Technology Sector**

*PA0109022495 Caracas Venezolana de Television Network in Spanish 0200 GMT 31 Aug 95*

[Report by Fernando Porte; from "The News" newscast; speakers identified by caption]

[FBIS Translated Text] The current economic crisis in the country has also affected institutions in the science and technology sector. A 17 billion bolivares deficit has been reported.

Science and technology, together with education, are important factors supporting society in a developing country. Representatives of the National Council for Scientific and Technological Research [Conicit], the Venezuelan Scientific Research Institute [IVIC], the Foundation for the Growth and Development of Children [Fundacion para el Crecimiento y Desarrollo del Nino] [Fundacredesa], and the National Hygiene Institute [Instituto Nacional de Higiene] appeared before the Finance Committee to discuss the implementation of the 1995 budget and projections for the 1996 budgets of each of these institutions.

[Begin recording] [Finance Committee Chairman Gustavo Tarre Briceno] Congress intends to substantially increase allocations for science and technology. We believe that despite the intensity of the crisis that the country is going through, Venezuela's future depends on its science and technology experts.

[Fundacredesa Director Hernan Mendez] I believe they are doing something very important because this institution has gone beyond the time and dimension for which it was created.[end recording]

Conicit has a budget of approximately 14 billion bolivares and is in charge of promoting and carrying out scientific research, as well as important studies for Venezuela's everyday life.

[Begin Conicit Director Ignacio Avalos recording] This is not something abstract. This is something that has to do with our everyday life, vaccines for children. It has to do with Venezuelas's industrial competitiveness. Conicit has very important programs that could be suspended if the budget is reduced. [end recording]

Another of the affected institutions, IVIC seems to have a dim future for its research programs. IVIC Director Miguel Laufers, a man knowledgeable in chemistry and science laws, gave us his personal opinion on the matter.

[Begin Laufers recording] We cannot be, as our people say, continuously scraping for funds. We are demanding adequate understanding of the sector's needs. [end recording]

Only 0.5 percent of the national budget is allocated to this sector and the Finance Committee is considering increasing it to 1 percent, since a country without science or technology is like a country without life.

**Central Information Office Director Resigns**

*PA3108225295 Caracas Venezolana de Television Network in Spanish 0200 GMT 31 Aug 95*

[Report by Pedro Prado; from "The News" newscast]

[FBIS Translated Text] Central Information Office [OCI] Director Guillermo Alvarez Bajares today tendered his resignation to President Caldera in order to concentrate on his electoral campaign full time.

Although a formal letter is necessary, President Caldera received a verbal notification about the long-awaited resignation.

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Wednesday, Alvarez Bajares acted as spokesman during the ordinary Council of Ministers. He said good-bye with the firm conviction that he will become Anzoategui governor for the next three years.

[Begin Alvarez recording] President Caldera has appointed Fernando Egana, currently general director of the Secretariat of the Presidency [title as heard], as the new OCI director. Minister Egana will be sworn in on Thursday. [end recording]

In departing, Alvarez Bajares denied rumors of his possible comeback in case of an electoral defeat, saying that he has no doubts of winning the upcoming elections for governor of Anzoategui.

**Finance Committee Approves Funds To Service Debt**

*PA0109022395 Caracas EL NACIONAL in Spanish 30 Aug 95 p D-1*

[Report by Freddy Torres]

[FBIS Translated Text] The Deputies Finance Committee approved the allocation of 149,654,250.000 bolivares to service the national public debt. These resources will be obtained by placing Treasury Bonds.

Finance Minister Luis Raul Matos Azocar formally asked the Deputies' Finance Committee to approve this operation, and the lawmakers authorized it in a single session. In addition, without further debate, they considered the executive's urgency in paying the foreign debt.

If the government falls behind in its payment of the foreign debt it runs the risk that the nation will be considered to be in "default," meaning it would join a group of nations that have fallen behind their loan payments.

This situation would disqualify the country from receiving loans, something regarded as of great concern for a nation like Venezuela that needs to ask multilateral organizations and foreign banks for new loans because of the suffocating fiscal deficit the nation is experiencing.

Finance Committee Chairman Gustavo Tarre Briceno said that the approval of those resources to service the foreign debt confirms the Congress had no interest in obstructing the government's request to authorize the foreign debt papers.

Tarre Briceno, however, criticized the executive for not submitting this request to the Congress eight months ago, since that expenditure was contained in the Umbrella Law or the law that authorizes the executive to contract and execute public credit operations during the current year. Finance Committee member Deputy Jorge Roig (LCR) [expansion unknown], reiterated that since last January the executive could have used the resources contained in the Umbrella Law to service the foreign debt. "The government representatives cannot say the Congress was obstructing it," he stated. The lawmaker said that now the government has to file a request at the Senate Finance Committee to get approval to use the resources to pay the foreign debt so that these funds will be definitely approved.

It is believed there will be no resistance in that chamber to the executive's request since the money is contained in the Umbrella Law. Other bonds for an additional debt of 399.189 billion bolivares are not included in that law, so the government will have to request the authorization in the coming days. Another law is expected to be submitted for debate, and this one will run into opposition since the members of the Deputies' Finance Committee have several observations to make.

According to Roig's explanation, the amount approved yesterday is broken down into four bonds (A, B, C, D) that will come due in 18, 24, 20, and 36 months.

The country's six major banks will place these bonds on sale. The objective of these bonds is to drain monetary liquidity, something considered as a source of inflation.

The bonds approved yesterday will replace the monetary stabilization titles, also issued by the government for the same purpose, but which had shorter due dates.

On that matter, Roig commented on the little likelihood that the bonds will be purchased in large numbers because of their long-term due dates.

He said he is convinced that replacing the monetary stabilization titles for other bonds of the Republic, with a long-term due date will generate a higher inflation because they will inevitably lead to increases in the banks' interest rates, as the higher rate the nation's bonds are offering will have an influence on the interest rates. The Finance Committee sets the amount of the debt to be serviced by the new authorization at 108.841 billion bolivares. Of this amount, 40.814 billion bolivares are for the internal public debt and 53.801 billion correspond to the structured foreign debt.

**Roundup of Venezuelan Economic Developments**

*PA2908221195*

[FBIS Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 29 August.

Maraven Acting President Gustavo Gabaldon has reported his enterprise has given the national treasury 169.388 billion bolivares during the first six months of

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the year. This figure is 347 percent above last year's for the same period. The Venezuelan Petroleum subsidiary earned 335.5 billion during this same period and had net earnings of 37.909 billion bolivares. (Caracas EL NACIONAL in Spanish 27 Aug 95 p E-3)

## Guyana

### Technical Assistance Requested From OAS in Toxic Spill

*FL3108150295 Bridgetown CANA in English 1409 GMT 31 Aug 95*

[FBIS Transcribed Text] Georgetown, Guyana, Aug 31, CANA — Guyana has asked the Organisation of American States (OAS) for immediate technical assistance in handling an ecological disaster caused by a toxic residue spill into the Omai and Essequibo Rivers. The spill, which began August 19 and was stopped August 24, sent an estimated four million cubic meters of effluent into the rivers.

Guyana's Permanent Representative to the OAS, Ambassador Odeen Ishmael, said his government "is indeed alarmed" about the spill because it comes three months after a similar incident, which he blamed on Omai Gold Mines Limited, a joint Canadian, U.S. and Guyanese operation. "Guyana is concerned that these spills have potentially disastrous implications for the lives of people and for marine and biological life in our major river systems," he said.

Ambassador Ishmael said that in the spirit of cooperation, friendly member countries of the OAS and their international organisations can help his government confront this problem.

The OAS agreed to send an expert immediately to Guyana to assess the situation and discuss with other agencies represented there how best it could help. The OAS secretariat is also to write member states asking them to help Guyana in whatever way possible.

Ishmael said Guyana wanted assistance from "friendly countries in the form of experts and equipment" for continued sampling of water, mud and banks of rivers; determination of normalcy of river water for human use; environmental audit of effects of the discharge; and a clean-up of the affected areas. Help was also being sought for examination of the tailings pond at the mine to determine the cause of failure; determination of requirements for future construction; and establishment of systems to deal with emergencies.

He said that among the organisations asked to help in containing the contamination are the United Nations, the World Health Organisation and the Pan American Health Organisation. "Guyana is also receiving assistance from a number of governments to contain this disaster and to assist in preventive measures," he reported.

"Scientists from Canada and the USA are currently in the area and are helping in testing. The government of Venezuela has sent three scientists to advise the government on the dam engineering and environmental protection.

"Although the water contamination is greatly reduced, there is still need to monitor the long-term effects on the environment caused by the cyanide spill. So far, no effective tests have been carried out on the soils on the river banks and on the animal and plant life in the area."

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